Current HISTORY

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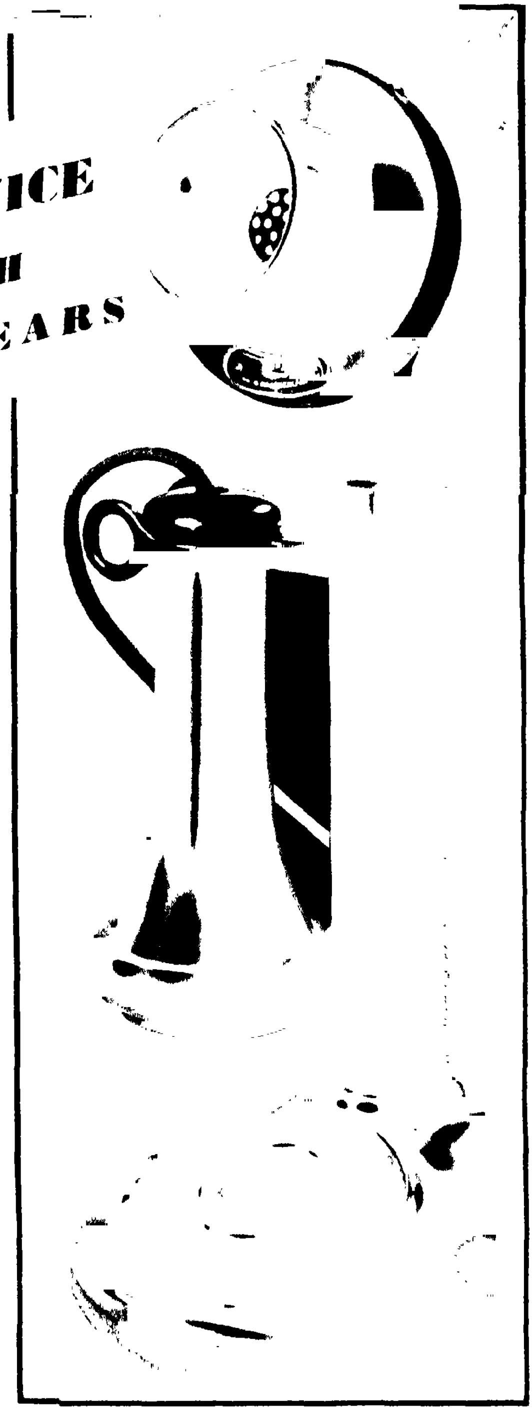
BUSINESS ON THE DOLE

By H. Parker Willis

THE COMING STRUGGLE FOR SEA POWER

By Hector C. Bywater

THE NEW YORK TIMES COMPANY



Contents for October, 1934

A MONTH'S WORLD HISTORY

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A MONTH'S WORLD HISTORY

sonal a thing as economic imperialism he has a real zest for individuals in action. This is notably true of his critical estimate of Cecil Rhodes, whose ideas, ambitions and methods he criticizes with obvious distaste for British aggressiveness. The second portion of the volume consists of a concise account of Anglo-German understanding and misunderstanding after 1885 in the partition of Africa. Its emphasis on "high politics" in the general international field does not involve as much neglect of the African scene as might be expected. Rand gold, the Jameson Raid and the second South African War form the bridge to Anglo-German estrangement and to the close examination of the diplomacy of the South African War—the fundamental purpose of the whole study. The re-examination of the circumstances of the Jameson Raid, with its suggestion that Chamberlain's complicity is unproved, and the chapter on the diplomacy of the South African War are the real contributions of an excellent book. J. B. B.

An Afghan Journey

THE SECRET KINGDOM. An Afghan Journey. By Ben James. New York: Reynal and Hitchcock. 1934. $2.75.

IT is at once apparent that Mr. James is an amateur traveler. His equipment for tackling the tough problem of Afghanistan seems to have consisted of curiosity, travelers' cheques and a large supply of cigarettes. The only language he knew was English, and he was not very adept with gestures. Yet because of his intelligence and perseverance he learned a great deal about the country and its people. His great advantage was that he was an American, and the Afghans wanted to see and speak to an American. That fact opened many doors that would have been closed to him had he been a native of any European country even remotely suspected by the sensitive Afghans of harboring designs upon their country's political or economic independence. Mr. James's two-hour interview with the late King, Nadir Khan, who was assassinated last November, sheds considerable light on the difficulties of ruling over so primitive and fanatical a realm. While not "expert" travel or observation, Mr. James's account shows a grasp of the main characteristics of Afghanistan. His personal misadventures and the many anecdotes about Afghan ways add interest to the narrative. ROBERT L. BAKER.

The Problems of the Pacific

PROBLEMS OF THE PACIFIC, 1933. Economic Conflict and Control. Proceedings of the Fifth Conference of the Institute of Pacific Relations, Banff, Canada, Aug. 16-26, 1933. Edited by Bruno Lasker and W. L. Holland. Chicago: The University of Chicago Press, 1934. $5.

THE 1933 meeting of the Institute of Pacific Relations was undoubtedly the most important ever held by that organization. Groups of distinguished spokesmen from Australia, Canada, China, France, Great Britain, Japan, the Netherlands, New Zealand, the Phil-

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STATEMENT OF THE OWNERSHIP, MANAGEMENT, ETC., REQUIRED BY THE ACT OF MARCH 3, 1933, OF

Current History

Published monthly at Concord, New Hampshire, for October 1, 1934. State of New York, County of New York, ss.:

Before me, a notary public in and for the State and county aforesaid, personally appeared Adolph S. Ochs, who, having been duly sworn according to law, deposes and says that he is the publisher of CURRENT HISTORY, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of March 3, 1933, embodied in Section 537, Postal Laws and Regulations, to wit:

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ADOLPH S. OCHS, Publisher.

Sworn to and subscribed before me this first day of October, 1934.

[Seal] PETER M. BROWN,

Notary Public, Bronx County, Bronx County Clerk's No. 133, Bronx County Register's No. 16B35, New York County Clerk's No. 257, New York County Reg. No. 6B157. Term expires March 30, 1935.

CURRENT HISTORY

OCTOBER 1934

Business on the Dole

By H. PARKER WILLIS*

A GREAT deal has been said within recent months of the danger of what has been termed "revolution" in the United States. Such a prospect has been used as a threat by politicians and has at the same time been held out as a hope by "advanced" radicals. The truth is that the nation has already passed through revolutionary changes during the years 1933-34.

It is rather the question whether these changes have run their course, or are likely to be reversed, that is most open to discussion—not the probability of what is an accomplished fact. A reasonable opinion about the future trend of our affairs depends a good deal upon the forming of a clear-cut impression of what has actually been and is being done. Financial discussion is traditionally distasteful to the average man. Yet there is no field in which the events and implications of the past year are clearer or more definitely demonstrable than in finance and none in which it is more urgent that the average man should inform himself regarding prospects and probabilities, since future economic developments are likely to be the direct outgrowth of what has already taken place in the financial and banking field.

Indeed, we are now reaching a point at which there must be a definite decision on the part of the community concerning its future financial policy. Without such a decision it cannot be free to make its conclusions felt or effective in other fields, such as those of general industry, and still more, of social reform.

What is it that has happened to the financial structure of the United States during the past eighteen months? It has been radically transformed from

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a structure which depended fundamentally upon individual initiative and business success for its coherence to a structure in which the binding force is furnished by motives of charitable relief, desire to insure the payment of specified rates of wages and attempts at the "pegging" of existing values.

A financial structure is, to change the metaphor, what the biologists call an organism. Our financial system did not come into existence as a result of a deliberate design, but was the outgrowth of actual need and adaptation to environment. Our banks were developed as institutions for the conservation of funds and the furnishing of credit. Our investment banking system took its place as a means of encouraging the saving and provision of long-term capital by those who had surplus incomes. Our Federal Land Banks and our other mortgage institutions, both urban and rural, were gradually worked out as a means of providing a specified kind of credit in given fields where known demands existed. Building and loan associations, local credit unions and other types of organization, among them savings banks and trust companies, grew up as means of bringing together supplies of and demands for certain kinds of service and accommodation.

In all these institutions the motive of those who patronized them was that of making a legitimate profit. "A" put his money into a savings bank, and in return he expected to be able to draw it when needed and to receive compound interest when the principal was not needed. "B" kept a checking account in his bank because it afforded him a convenient means of making payment and a source of funds in case he had to borrow. "C" applied to a trust company or to a mortgage loan concern for funds with which to build, or, in case of necessity, he offered an existing building to protect his borrowing. None would have borrowed unless that had seemed to be the most expedient—the most profitable—thing for him to do. The banker was in business because his stockholders desired to earn a legitimate profit on their funds invested in bank stocks. Profits, that is to say, self-support, was their controlling principle—the giving of a fair return for goods or service.

When the panic and subsequent depression of 1929 and the following years made their appearance, their fundamental phenomenon was a change of values. "X," who had been in the habit of borrowing freely with bonds as collateral, found it impossible to get loans, while banks which had lent to him or to others in the same position, before the breakdown, and now were obliged to "realize," experienced difficulty in disposing of the bonds which the borrowers had put up as collateral. "Y," who had mortgaged his house and had then rented it in order to get enough income to pay his interest, now lost his tenant or had to reduce the rate of rental, hence became irregular in his payments, or defaulted. The outcome was a failure of the financial organism to perform its accustomed functions.

The method which in years past has been adopted for correcting situations of this kind, whether local or national, general or limited, has been that of readjusting actual values. Goods which could not be sold at a given price per unit have been cut to a figure that would sell them. Property that could not pay the interest on its mortgage has changed hands, passing into the possession of those who could "carry it" at a lower value. Bonds whose issuers could not pay

their interest have had to pass through a process of reorganization which lessened the burden to a point at which the bond-issuer could with good management expect to obtain enough income to pay his charges. The result has been a readjustment of values which enabled the financial organism to resume its performance of the old function upon a new and practical basis of relationship between borrower and lender, producer and consumer.

During the past year or two we have changed the principles underlying all this older structure of finance. Because the people at large were not willing to go through the unquestionable suffering involved in a readjustment of values such as has been indicated, a different way has been sought and attempted. We began under the administration of President Hoover an experiment in general financial "relief," represented by what was called the Reconstruction Finance Corporation. This corporation was an institution whose mission it was to lend to hard-pressed banks and to certain classes of business enterprises, notably, as it turned out, railways and insurance corporations, the sums that were necessary to meet their current obligations.

The RFC obtained the funds with which to carry out this work from the Treasury Department, while the Treasury (which already had a deficit in its own operations) obtained the necessary money by selling its bonds or notes to any one who would buy them—largely to the banks. With the funds thus acquired, the hard-pressed railroads, banks, insurance companies and others paid off their creditors, in full or in part, as circumstances required. They now owed the government, which owed the community. As time went on the functions of the RFC were greatly broadened, and it now makes loans to many kinds of industry, owns and controls banks and businesses of every kind and supersedes the investor.

It is clear that in thus installing a great government lending institution our Federal administrations (those of President Hoover and President Roosevelt) took over the work of important and essential elements in the financial organism. They thus, to change the metaphor again, profoundly altered the financial structure of the nation. Political figures of light and leading have frequently told us that the step was taken because the banks had "broken down." The government, such apologists assert, stepped in to function because the banks would not.

This is putting the cart before the horse. The government stepped in because a large element of the people, expressing themselves through political leaders, were not willing to have their financial organism function as it had in the past and as it was organized and developed to function. Bondholders were insistent upon receiving interest upon their bonds; depositors upon receiving their deposits and the interest thereon; bankers were not willing to go into bankruptcy and to turn over their mismanaged institutions to more competent hands; railroads were in the same position. Political pressure brought about the substitution of an effort to "peg" or maintain values for the older effort to readjust them and to resume business upon a new basis of self-support.

There was an element in this transaction of an importance much greater than the mere change of form which it involved. The RFC was specifically ordered, by those who planned its constituent act, not to guide itself by possibilities of income or profit in

making its advances. It was to consider, rather, the general welfare and the maintenance of existing institutions. It was an effort to free mismanaged businesses from what had been the traditional penalty of business mismanagement. Its motive was now no longer that of judging borrowers by their ability to repay. Instead, it was to judge them by their ability to afford employment to labor, or to keep in charge those same men who had developed — often exploited — the various lending institutions, and had brought the latter into difficulty. It tacitly, as our present administration has expressly, repudiated the "profit motive" in industrial control.

So striking a change in point of view, so revolutionary an alteration in technique, manifesting itself suddenly and without warning — to all appearance — is itself a social phenomenon of the first importance. Most persons are at a loss to explain how it is that the new Federal Administration has, in the words of a universally respected Democrat, "violated every platform pledge it ever made," turning to what it itself has called untried methods, most of them presumably opposed to the whole spirit of American life and philosophy.

The answer is to be found by studying the development of American business conceptions during the past generation. One of its most profound preoccupations has been favor for the small farmer, the small banker, the small town or village, regardless of efficiency. A second has been its ultimate faith in speculation—its belief that depression is necessarily temporary only and "bound" to be succeeded by profit and price advance. Dependence upon the government for aid—crop loans, public guarantees of farm bonds, needless public buildings, subvention to the idle and other provisions for the sustaining of individuals and institutions upon a non-competitive basis of favoritism—has been the staple of American politics under every recent administration—the price paid for votes by all parties in contested elections.

The New Deal is—politically speaking—in fact the old deal writ large. President Hoover it was who pushed forward the RFC, who in his Farm Board legislation afforded the precedent for much that the Agricultural Adjustment Administration has done, who urged the curious—and impossible—notion, then widely current, of an unemployment relief fund to be accumulated in prosperous times, invested in bonds, and sold in depression times in order to furnish employment on public works. And President Hoover was able to carry his project forward because an influential public wanted it to be applied.

The present Federal Administration when it entered office was beset by business men of high standing who asked for "inflation" and compared it to a transfusion of new blood designed to strengthen and invigorate an exhausted patient. "Economists" denounced the "capitalistic" order of business, and demanded "diffusion of purchasing power." Some of them called for large issues of bonds whose proceeds might be spent in almost any fashion, so only the "purchasing power" they represented might be distributed among those who would use it. "Socialization" of banking was demanded—and still is for that matter—by persons who had supposedly made a study of banking.

We may praise or blame, according to our predisposition, the ready acquiescence of our government in proposals to transform our whole financial and economic system along the lines just sketched, but we cannot

doubt that in so doing it responded to a national impetus, which it unquestionably ought to have resisted, but to which it was "good politics" to yield.

In thus yielding, did our governmental leaders recognize the fact that what they were proposing involved a complete transformation of the entire basis upon which our business structure had been erected—a complete reversal of the biological conditions under which our financial organism had existed? There is some reason for supposing that they did not. Not only [illegible] nearly every radical measure of [illegible] long list recommended to Con[illegible] during the first six months of [illegible] for temporary relief—usually [illegible] to a year's life and never more [illegible] two years—but the President [illegible]f spoke of some of the more ex[illegible] plans as leading us into new [illegible]tried paths and expressly, even [illegible]rectly, promised abandonment [illegible]se experiments if, after a brief [illegible] they should fail to "work." They [illegible]ow urged by many men of all [illegible]ties as great social reforms, of [illegible]rse permanent in character, and [illegible]resenting underlying principles of [illegible]nan action.

[illegible]ut the record of 1930-34 remains [illegible] measure of the actual acknowl[illegible]ent of a change in the under[illegible] philosophy of American eco[illegible]c life. It is a change that could [illegible] have been effected without a long [illegible]ceding period of distorted thinking [illegible]f apology for self-contradictory [illegible]asures on the part of economists and business men.

There is no evidence that those who were the original instigators of much that has been done were more than dimly aware of the implications of what they were doing. It is probable that President Hoover and Eugene Meyer, then head of the Federal Reserve Board, when they urged the creation of the RFC, thought of it as a sort of financial cocktail, something that would act as a momentary "pick-up" to a jaded business community. This merely showed that they had failed to estimate the real character of a measure likely to shift the whole basis of borrowing and lending.

The first important effect of the work of the RFC was inevitably to arouse profound jealousy on the part of other elements in the community that were not thus taken care of. A second effect of it was, more or less, to necessitate an extension of the stimulating influence of government support into fields which had hitherto been free from it. The farmer called for relief from his mortgages. The Agricultural Adjustment Administration, the several provisions for recapitalizing farm loan banks and guaranteeing farm loan bonds and, finally, the Frazier-Lemke bill for a five-year partial farm-mortgage moratorium furnished the answer.

But the farmer was not alone in asking for his share of assistance. Banks which were heavily burdened with farm mortgages had made it clear to the RFC that assistance to the farmer would enable them to refrain from further applications for loans to be made them by the RFC. Thus a vicious circle of government aid was established. The same idea naturally developed itself before long in connection with urban mortgages; the Home Owners Loan Corporation was the result. It partially superseded, partially supplemented, existing agencies of mortgage lending, "pegging" some of them by relieving them of their worst mortgages, but at the same time taking away a good deal of their business for the future.

"When I saw that every one held out a hand, I held out my hat," said

a French nobleman of the old régime. The same philosophy has been quick to develop itself in the United States. The Federal Depositors Insurance Corporation is the response of a politically sensitive government to the claim of bank depositors for protection against losses due to the fact that their funds had been kept in institutions many of which were long known to the authorities to be unsound, with overvalued assets and erroneous statements, only maintained in existence by means of government loans and stock purchases. Export trade has naturally suffered from the obstacles thrown in its path by all governments, aggravated by the 40 per cent (or more) advance in our tariff effected by the present administration through its monetary policy. The politicians have promptly responded by organizing two export banks, with the promise of others when and as needed.

Meanwhile, the old banks, or what there is left of them, recognizing the artificiality of the values which have been maintained with government money, have naturally been reluctant to lend to businesses which could not show prospects of adequate income and power to "liquidate." A measure authorizing Federal Reserve Banks to make direct industrial loans to enterprises which have been unsuccessful and cannot obtain loans elsewhere has been one consequence (June, 1934). We might go on to trace the effect of this invasion of new motives and new methods into our financial system through its many other ramifications did space permit. We have transferred central banking powers to the Treasury and now we contemplate a political central bank owned and operated at Washington. Enough to say that we have substituted for a system of lending and financing based upon ability to maintain independence and self-support, a system based in every branch of its being upon the furnishing of proof of inability to be self-supporting. The change has been defended even by some who admit its character on the ground that it prevented needless or extreme suffering, kept our existing organism of finance and business alive and thus maintained a basis for real and rapid recovery. Has it done so?

There can be no doubt that the operations of the numerous government recovery institutions, loan corporations, bond guarantees, treasury underwritings, subventions and subsidies of the past two years have prevented many persons and institutions from going at once to the wall. That is what the measures were meant to do. But whether such success as has been had in this direction has been ultimately beneficial to the community or to any one in it may be gravely doubted.

We have less than half as many banks as we had ten years ago, and about 16-18 per cent less than we had at the beginning of 1933. We have not had many railroad receiverships, but our railroads, under the influence of the various exactions of the Federal Government in the way of pensions, exorbitant wages and heavy taxation, are still unable to meet their fixed charges and are likely to continue in that condition so long as present Federal policies prevail. Farm credit and urban mortgage credit are practically extinct so far as any reason for expecting advances of private funds in the future is concerned, and are not likely to recover their older status for many years.

The idea of self-support in business has received a very serious shock. "Recovery" in the real sense of the term is about as far off as it ever was. Unemployment, estimated by the American Federation of Labor at over

10,000,000 persons, and by the United States Chamber of Commerce at perhaps three-quarters of that figure, is about as menacing as ever, if we eliminate from account those who are employed on artificial government work. The various estimates of savings and income of the community seem to show conclusively that our present expenditures in relief, unproductive public works and other drafts upon national income are probably reducing our actual capital supply, or, in other words, that we have as a nation no net savings whatever.

This merely signifies that there is no way of "making a silk purse out of a sow's ear." Unsound or depreciated bank assets may be "carried" for a long time with government funds, but eventually they are worth only what they will bring. Sound and safe banks may be compelled to guarantee the assets of weak or dishonest institutions. Railroads that never have earned a dollar, and never can do so, or that are overwhelmed by national, State and local taxes, may be kept from bankruptcy when the government guarantees their bonds. That is merely another way of saying that the community can, if it so desires, carry on businesses and enterprises that do not return an income and never can, but that when it applies its resources in this way, it works for nothing, or even, as already intimated, pays, through reduction of its own capital or principal, for the privilege of operating enterprises that should give place to others.

The community may put labor back on the same income it enjoyed in 1929, as labor organizations insist it shall, but it cannot do so without reducing its capital investment, unless labor be willing and able to produce more wealth than it consumes. The community may relieve the farmer of his indebtedness, but it cannot thereby stimulate a willingness on the part of those who have saved a few hundred dollars to invest these savings in farm mortgages and thereby to permit improvement to take place in farm equipment or in farm fertility.

A system of lending based upon a preference to those who have been unsuccessful in making ends meet, whether through lack of ability, carelessness or sheer misfortune, is a system that maintains in existence and operation a set of unprofitable and unproductive business enterprises. The remedy is not to "peg" them, but to change the conditions that produced them. Such a system as we now foster reduces the wealth of the community and increases its liabilities.

The unwise and dangerous policies pursued by private capital during and after the World War established many hazardous, weak and non-self-sustaining businesses and placed many incapable, speculative and short-sighted men in executive control. The government's policy since the formation of the RFC in 1932 has kept this same group of institutions in existence and many of the same managers in charge of them. It has prevented the financial organism from sloughing off its dead or useless parts and has compelled it to continue to absorb into its system the poisons resulting from their retention.

All this, of course, is not necessarily a series of considerations which tend against "government ownership" or government assistance as such. It is a course of reasoning—a review of facts—which leads to conclusions adverse to any credit organization, public or private, based upon the motives and theories which have prevailed during the past year or two and upon public intervention itself unless it can alter these motives. It is entirely con-

ceivable that the community should go into business for itself and maintain sound, well-managed banking institutions, mortgage loan enterprises or foreign trade financing concerns. The question is not that of the agencies through which the work is done but is a problem of the motive and philosophy that are behind it. The United States has passed through a financial revolution not only of technique but of motive and philosophy. It is now reaping the results, and the urgent question before it is, What next?

We may readily concur with those economists of the "priming-the-pump" school, who urge, in hackneyed phrase, the impossibility of turning back the hands of the clock. By this they mean, we may suppose, that all economic progress is evolutionary and that, having passed through a financial revolution in the course of two years or so, we are not likely to pass through a counter-revolution which would put us back where we started. This contention may be fully admitted. When admitted, it makes all the more urgent the necessity of a careful self-examination for the purpose of finding out what is to be attempted by way of distinctly evolutionary procedure from this point on.

Admit (which the present writer does not concede in the least) that it will be necessary to continue a system of government management and subsidizing of all sorts of enterprises through the extension of credit, and that the great brood of organizations which the New Deal has brought into existence are destined to a long life, the question still remains, How shall they be conducted?

Shall they, in fact, be organized with the definite intention of promoting the establishment and successful operation only of self-supporting business enterprises, and shall they devote themselves to careful credit analysis, based upon the familiar canons of worth and liquidity which have been worked out in past years? If so, they will merely resume the application of what has been called "capitalism," animated by the "profit motive."

Or shall they continue as eleemosynary, semi-political institutions whose effort is to prefer borrowers who are unable to get funds elsewhere and incapable of making a profit by using them when obtained? If so, and in proportion as such institutions succeed in diverting the savings of the community into unprofitable production, we shall continue to witness unfair competition, indisposition on the part of the independent business man to borrow from his bank, coupled with an equal indisposition on the part of the bank to lend; a refusal to take risks of the natural business variety, and a growing inclination to apply for accommodation to the government rather than to seek capital in quarters where it must be paid for and where loans will be assigned in accordance with the ability of the borrower to make use of them successfully.

This is the choice which is now presented to the business community of the United States. It is a choice in whose making every business man is obliged to bear his part. It is a choice between the economic parasitism of the New Deal and the self-support of what is called the old.

The Coming Struggle for Sea Power

By HECTOR C. BYWATER*

SOME time next year the five leading maritime powers will again foregather to discuss the limitation of their respective naval armaments. Preliminary conversations between them have already begun, for it is recognized that unless the ground is prepared beforehand the forthcoming conference must inevitably fail. And failure would be serious. The whole question of world disarmament has reached a critical, perhaps a crucial stage, and upon the decisions taken in the next twelve months may depend not merely the continuation or end of the system of regulating combatant forces by negotiation but the maintenance of peace itself.

So far as the naval problem is concerned the conditions now obtaining are fundamentally different from those of 1921, when the Washington conference was held. Thirteen years ago the only three powers that counted at sea were the British Empire, the United States and Japan. The first possessed a fighting fleet of overwhelming strength, though part of it was obsolescent; the second and third were engaged in a neck-and-neck building race which, had it been run to finality, would have left them practically equal in modern battleship tonnage. But the pace was too hot to last. To the American taxpayer the naval race was becoming irksome; to the Japanese taxpayer it was ruinous. It is not disrespectful to say that France and Italy hardly counted at that time, when the battleship was the only face card and the superdreadnought the only trump.

Passing over the abortive parley at Geneva in 1927, where, as we now know, the armament firms held statesmanship fast in a clove-hitch, we come to the London conference of 1930. It began as a five-power meeting, but at the critical moment France and Italy withdrew, and the treaty that eventually emerged was confined to the "big three." This was the first breakaway from the cardinal principle that disarmament, to be effective, must be universal. The only reason why any sort of agreement was reached in 1930 was that Great Britain had a Socialist government which was anxious for party purposes to achieve a spectacular coup in the realm of high politics. To accomplish this they were prepared to go to almost any length in the making of concessions, and they did, in fact, give away British naval assets with both hands without receiving, or even demanding, a satisfactory quid pro quo.

By an overwhelming majority of Britons the London Naval Treaty is now condemned as an inexcusable blunder, the consequences of which cannot yet be measured. It is a mistake never likely to be repeated. At the next naval conference Great Britain may be trusted to drive a hard bargain in exchange for any reduction she may be invited to make.

*This, the first of a series of articles on the issues of next year's naval conference presenting the points of view of the different nations concerned, is by the well-known naval correspondent of the London *Daily Telegraph.*

The comparatively facile success of the Washington conference seems to have led many people on both sides of the Atlantic to assume that competition in naval armament had been permanently arrested. They did not pause to consider the quite exceptional circumstances in which it was held. So far as the European powers were concerned, war weariness and the threat of insolvency put them in the mood to accept any arrangement which promised to ease the burden of armaments without unduly jeopardizing their security; and even in America and Japan there was an incipient revolt against the lavish expenditure on battleships. It was, therefore, not a very difficult matter to draft a treaty for the limitation of these costly weapons. But at the first attempt to extend similar restrictions to smaller and cheaper fighting craft, including submarines, trouble was encountered. On this point no agreement could be reached, nor have negotiations during the subsequent years been successful.

Since the Washington conference political events have occurred in various parts of the world which have changed the whole aspect of naval disarmament. In 1922 the Fascist revolution reinstated Italy as a great power and incidentally gave a new turn to her naval policy. In the same year the first French post-war shipbuilding program was introduced, the precursor of the famous Naval Statute which has already restored the navy of France to its traditional plane of importance. In 1924 the British Parliament authorized five new cruisers to replace obsolete units. They were of the heavy class, armed with 8-inch guns, to which the Washington conference had given its benediction. Japan had already adopted this type and in 1924 had six such vessels on the stocks.

That year, too, witnessed the American-Japanese controversy on Asiatic immigration, which seriously disturbed the harmonious relations that were supposed to have been established at the Washington conference. It may have been a mere coincidence, but the fact is on record that this dispute was followed by an energetic development of Japanese naval armaments, over twenty new vessels being started in the ensuing twenty months.

Meanwhile, the rapid expansion of the French and Italian navies, coupled with Japanese activities, impelled Great Britain to embark upon a systematic rebuilding of her fleet. In 1925 Parliament voted a five-year program embracing sixteen 8-inch gun cruisers and many smaller craft. This project was never completed, eight of the cruisers being canceled at later dates as a disarmament "gesture." Today all parties in Britain except the Socialists and Radicals are definitely opposed to further reduction in the strength of the navy. The apathy which prevailed for more than ten years after the war has given place to a keen public interest in matters of defense. The preparations for celebrating "Navy Week" this year on a scale never previously attempted, the increase in this year's navy budget, the addition of 2,000 to the personnel of the fleet and the decision to build heavier cruisers capable of holding their own against the best foreign ships—all these are symptoms of a return to a strong and purposeful naval policy, solidly backed by public opinion. There are to be no more sentimental gestures involving sacrifices without compensation, no further experiments in unilateral disarmament.

To arrive at a clear understanding of the current naval situation it is necessary to review in some detail the problems and policy of each of the

five powers chiefly concerned. It will be convenient to begin with Great Britain. Her position is unique, for not only is she an island which depends on the sea for sustenance, but she is the head and heart of a vast commonwealth scattered over the globe, each member of which looks to her for protection and security. None of the oversea members of the commonwealth is capable of defending itself against serious aggression. An empire of this magnitude is necessarily vulnerable at many points, and while every war has its decisive theatre no war is conceivable in which Great Britain could safely concentrate the whole of her naval strength in one area. That is why the acceptance of a one-power standard of strength is bound to entail risk.

As for the functions of the British Navy, they have been tersely defined by the First Lord of the Admiralty in a recent speech. "Every day 110,000 tons of merchandise and 50,000 tons of food reach the shores of Great Britain from overseas. They come over 80,000 miles of sea routes, and unless we secure their safe arrival we starve. The protection of our sea routes, for the safe arrival of our merchandise and our food, is the business of the navy." The British people have not forgotten that in the Summer of 1917, when the German U-boat campaign was at its height, there remained in their country only six weeks' supply of food. No other country is so exposed to the threat of sudden starvation in war.

Leaving out the United States, there are at least four powers whose naval armaments must be a matter of vital concern to Great Britain. Japan is in a position to conquer her Far Eastern possessions, paralyze her trade in that zone, and menace Australia and even India. Were trouble to develop with Japan Britain would have to wage a naval campaign 10,000 miles from her home bases. France, with three times as many submarines as Germany possessed in 1914, a score of high-speed cruisers, and numerous ports on the Channel, Atlantic and Mediterranean which it would be impossible to blockade, is in an ideal position to sever Britain's lines of communication and reduce her to famine. Italy, almost equally well equipped with submarines, cruisers and aircraft, would have no great difficulty in closing the Eastern Mediterranean to British shipping, an act that would cause freights to soar and speedily put Britain on short rations. Germany has a small but highly efficient navy, the rapid expansion of which is believed to be only a question of time. Even today her pocket battleships and cruisers, with a sea endurance of 15,000 to 20,000 miles, could play havoc on the trade routes, and it is for Britain a disconcerting fact that she has only three warships capable of dealing with the pocket battleship type. Nor is it any secret that Germany has planned the mass production of submarines when needed.

The naval policy of the United States is apt to bewilder the foreign observer. He is intelligent enough to realize that a great power, the wealthiest in the world, with an immense seaboard fronting two oceans and a foreign trade to the expansion of which there is no visible limit, must of necessity have a navy of the first class. Obviously, the dimensions of that navy must be determined by the United States alone, subject to such international agreements as it may see fit to endorse. Nothing, one imagines, could be more exasperating to the patriotic American than foreign attempt to suggest, if not dictate, the limits to which the United States Navy should be developed.

Nevertheless, it is true that the United States, if called upon to state its reasons for demanding a navy second to none, would have to appeal to academic rather than to concrete principles. Separated from Europe and Asia by the width of oceans, it is in no danger of direct attack on a serious scale, nor could it be blockaded in any literal sense of the word. The Philippines are a dangerous liability so long as they remain under the American flag, but after they become independent and the Asiatic Squadron is withdrawn, as now seems likely, the United States will have an invulnerable naval defense. Washington then might view the development of Japanese, French, Italian and even British sea power with Olympian calm and detachment, though considerations of prestige might still justify the maintenance of a United States fleet second to none.

This rather provocative statement is made deliberately. In the past the United States has exhibited a tendency to fashion its own yardstick of international naval armaments and to become annoyed when other parties look askance at the suggested system of rationing tonnage. It is advisable, therefore, to say quite frankly that a nation which is singularly free from the threat of attack is not necessarily the best judge of the defensive requirements of less-favored countries. The British Empire, Japan and Italy, and France in less degree, could one and all be subjugated and forced to surrender in months, if not weeks, by the pressure of superior sea power. In no imaginable circumstances could the American nation be brought to its knees by similar means.

Probably under the delusion that all naval competition had been ended by the Washington treaty, the United States for several years thereafter made no addition to its fleet. During the same period, however, all the other treaty powers were steadily reinforcing their armaments at sea, Great Britain being the last to join in. Soon, therefore, the United States found its relative strength declining. There followed an outcry against the other powers for starting a new naval race, though in fact, by systematically restoring their depleted fleets, they were only obeying the instinct of self-preservation. Each was scrupulously observing the Washington treaty rules and none made any attempt to exceed its legal quota in the categories of restricted tonnage.

Eventually, of course, the United States also had to resume building. Six heavy cruisers were begun in 1928 and authority was obtained for a larger program in the event of further disarmament negotiations proving futile. Finally, in 1930, the London treaty established definite quotas for all classes of naval tonnage in the case of Britain, the United States and Japan, but as France and Italy stood aloof, this arrangement, it was clear, could only be temporary. In consequence, the new treaty was scheduled to expire at the end of 1936.

It was a strangely one-sided compact. While, for example, Britain bound herself not to complete more than 91,000 tons of new cruisers in the period covered by the treaty, no similar obligation was laid upon the United States or Japan. Here, then, is a typical example of the secret diplomacy practiced by the British Socialist leaders whose determination to score a party triumph blinded them to the higher claims of national security. As a sop to the Admiralty and to that section of the public which might protest against the uncompensated surrender of naval assets the "escalator" clause was inserted. This authorizes a signatory power to go beyond its tonnage

quota in the event of a neighboring State, not a party to the pact, becoming a potential menace by reason of excessive naval building. Actually this safeguard is illusory, since invocation of the clause in question would invite a dangerous crisis.

Suppose, for instance, that Great Britain, finding that both France and Italy had doubled their submarine fleets since the treaty—as indeed they have—resolved to build an additional 50,000 tons of anti-submarine craft by taking advantage of the escalator clause. As a first step she would have to notify her treaty partners, the United States and Japan, and justify her proposed action by indicting France and Italy as prospective enemies. It would be impossible to keep the ensuing correspondence between London, Washington and Tokyo a secret, and the effects of the disclosure on Britain's relations with her continental neighbors may readily be imagined. Eighteen months ago the British Premier told a peace deputation that if professional, that is, Admiralty, advice had been taken, the escalator clause would have been invoked in 1932. That this was not done is a tacit admission that as a safeguard the clause is worthless.

As I have remarked, American naval policy is somewhat puzzling to the foreigner. For several years the United States may not lay a single man-of-war keel; then there comes a strenuous publicity campaign to rouse country and Congress, and eventually a big program of new construction is put in hand. This completed, another prolonged period of inactivity ensues; the relative strength that had been gained is gradually lost and once more there is hurried building on a large scale to restore the balance. Such a policy inevitably creates a false impression abroad and it is open to any foreign critic to point to one of these big programs—such as the NRA measure of 1933 and the Vinson bill of 1934—as evidence that the United States, while preaching the virtues of disarmament to others, is actually inaugurating a new naval race. Intelligent observers know this charge to be unfair, but for propaganda purposes the fact that the United States has authorized over 130 new fighting ships in twelve months can be exploited with telling effect.

About Japan's naval policy there is nothing obscure or ambiguous. Its object is so to consolidate her strategic position as to render armed foreign interference in Eastern Asia physically impossible. That goal is now in sight, if it has not already been attained. Japan keeps no warships in foreign waters, nor does she possess oversea bases other than the mandated South Sea Islands. Her whole naval force is concentrated in home waters, where, thanks to geography and a first-class fleet, her position is practically impregnable. Judging from experience, no argument however plausible, no gesture however persuasive, will move her to reduce her naval armament by a single ton or a single gun below the standard which she deems necessary. On the contrary, having obtained a 3-5 ratio of strength at Washington, subsequently increased to 3½-5 at London, she is now demanding "parity in principle" and, by all accounts, will be satisfied with nothing less.

For reasons not wholly apparent to the outer world Japan professes to regard the year 1935 with grave apprehension. In that year, it is true, the next naval conference is to be held, and almost simultaneously Japan's withdrawal from the League of Nations will become definitive. On the face of it, however, there is nothing to indicate that tragic consequences

will follow either event. Japan may, of course, anticipate a demand for the retrocession of the former German islands in the Pacific which she holds under the League's mandate and which are now considered to be important bastions in her rampart of defense. But if such a demand were raised it would probably be a mere formality to save the face of the League, since no one imagines that Japan would comply with it. As for the naval conference, a Japanese claim to parity would doubtless be resisted by Great Britain and the United States, but even so there would be ample scope for compromise. It is precisely because world naval policies are conflicting that these periodical armament talks are held, the object being to map out a multilateral policy acceptable to all and thus avoid, or at least modify, the frankly competitive shipbuilding which is a danger to peace.

If the reported intention of the United States to evacuate the Philippines and withdraw its naval forces to Hawaii is actually carried out, the principal cause of armament rivalry with Japan will disappear, for the two fleets would then be so far apart as to render battle contact all but impossible. Such a development would materially weaken the Japanese case for a still larger navy, since she would then be left in unchallenged command of the Western Pacific. As every student of strategy is well aware, Japan's mastery of her own waters is already absolute. Nevertheless, the presence of an American squadron at Manila is always a convenient pretext for Japanese big-navy propaganda.

Neither France nor Italy is expected to be an enthusaistic participant in next year's conference. They know that one of its chief objects will be to limit the production of submarines and light surface craft—the very types to which they are most partial. Both declined to accept any restriction on tonnage at the London parley, and there is nothing to indicate any change in their attitudes. Each power is creating a most formidable submarine fleet. France has 109 boats and Italy 65, the majority of which are of up-to-date design. These totals are sufficient to explain why Great Britain could not in any circumstances agree to an extension of the London treaty in its present form, escalator clause or no escalator clause.

In both France and Italy naval defense is receiving much more attention than formerly. The first is determined to be mistress of the Mediterranean, mainly because of her vital lines of communication with North Africa, her principal reservoir of military man-power. Further, the renaissance of the German navy is viewed with growing anxiety and has already prompted France to lay down two 26,500-ton battleships at a cost of more than $30,000,000 apiece. It is typical of the close inter-relationship of naval armaments that this step by France, although directed against Germany, has impelled Italy also to order two battleships. Political conditions to-day are such that the laying of a man-of-war keel almost anywhere is apt to produce repercussions "from China to Peru."

As foreshadowed by official statements and unofficial clues, the programs of the various powers to be presented at next year's conference will approximate to the following summary:

THE BRITISH EMPIRE: Further reductions of naval armaments must be absolutely conditional on the agreement of all powers concerned, not merely two or three of them. In other words, unless the three-power treaty

negotiated at London in 1930 can be extended to cover France and Italy, Great Britain will not renew it. Nor will she be disposed to perpetuate the existing ratios of cruiser and other light tonnage without drastic reduction of the French and Italian submarine and light forces. On the contrary, if those forces are to remain at their present strength, Britain will insist on a substantially higher ratio of counter-tonnage. She advocates a trenchant scaling down in the size and armament of all combatant craft. The battleship standard, now at 35,000 tons and 16-inch guns, should be lowered to 25,000 tons and 12-inch guns, or, subject to corresponding cruiser restriction, to 22,000 tons and 11-inch guns. The present cruiser standard of 10,000 tons and 8-inch guns should be 7,000 tons and 6-inch guns. Battleships and cruisers of these smaller types would, it is claimed, be perfectly competent to perform all reasonable functions. The submarine should be totally abolished, or, alternatively, limited to 250 tons, which would restrict its operations to coastal defense and disqualify it to act as a commerce raider on the high seas. Finally, Britain favors some form of control over naval aircraft, which for the present are not restricted by treaty.

The United States is expected to propose a sweeping *pari passu* cut in the strength of all navies concerned, probably by one-third. It is sympathetic in principle to British views on the submarine, but does not desire any reduction in the size or armament of battleships and cruisers, holding that the present standards, which involve heavy building costs, are the best deterrent to unbridled competition, besides being suited to American strategic requirements.

Japan will denounce the Washington-London ratios and demand full parity, in principle, with Great Britain and the United States. The Japanese will insist on the confirmation of Article 19 of the Washington treaty (forbidding development of Pacific insular fleet bases) and will certainly make this a fundamental condition of any new pact. They will urge the total abolition of aircraft-carriers on the ground of their essentially aggressive character. Japan fears these ships more than any other naval craft. She dreads the possibility of large enemy carriers streaming across the Pacific to send off swarms of bombing planes against Tokyo and other populous centres, where heavy-calibre bombs would cause indescribable devastation amid the lightly built sections. Although wedded to the submarine, which she has energetically developed, Japan might be prepared to accept further restriction of this arm in return for some sort of embargo on aircraft-carriers. As regards battleships and cruisers, she favors modified dimensions somewhat on the British plan, but has made it clear that if future American ships are built to existing treaty standards she will follow suit.

France will take a strong line at the conference and, most probably, decline to consider proposals for the limitation of her light forces, whether submarine or surface. It is to be feared that political friction may be engendered, since Great Britain will undoubtedly press for such limitation and make it a bed-rock condition not merely of any further scaling down of British naval armaments, but for their maintenance at the present and in expert opinion wholly inadequate standard. While willing to confirm, in principle, the Italian demand for equality, France is privately determined to maintain a substantial lead over the Italian fleet, and for that reason, if

for no other, is certain to press for light-tonnage quotas far in excess of the maximum to which Britain could agree.

ITALY'S policy, enunciated at the London parley in 1930, has undergone no serious modification. Its guiding principle is unqualified parity with France. In other words, the French maximum of combatant power at sea automatically becomes the Italian minimum. That Italy is not bluffing is demonstrated by the truly marvelous development of her navy in the last ten years. In cruisers she has built keel-for-keel against France, in submarines and destroyers she is creeping up to the French level, and by her bold decision to build this year the two largest battleships in the world she has canceled the French margin in heavy tonnage. If these two powers are represented at the conference, fireworks are inevitable.

How, then, are the prospects to be summarized? Frankly, they are black. With the possible and dubious exception of Great Britain and the United States, all the powers are at sixes and sevens in respect of naval policy. However much British statesmen may wish to work in accord with the United States, they are bound to consider, in the first place, the balance of power in European waters, and this, as it happens, is just that aspect of the general problem in which the United States is least interested. The situation in the Pacific is comparatively simple and, given a modicum of goodwill all round, it should be no difficult matter to determine, either roughly or precisely, the future dimensions of the navies of the three powers chiefly interested. A combined Anglo-American front at the council table would probably induce a reasonable frame of mind in the Japanese delegates, who, being men of sense, would know that neither Great Britain nor America harbored designs against the peace of the Far East. But tied fast to the leg of British statesmanship is the ball and chain of potential, if not actual, menace in the North Sea, the Channel and the Mediterranean. To invite Great Britain to sign a disarmament pact based on Pacific strategy alone would be tantamount to asking the United States to frame its future naval policy without the slightest reference to Caribbean or South American waters or, indeed, the Atlantic as a whole.

The track of the 1935 naval conference bristles with danger signals which cannot be ignored without courting disaster. It will be held in an atmosphere highly charged with electricity. No swift success need be anticipated. A previous alignment of British and American views on the Rapidan principle will not avail this time and would probably do more harm than good. Japan, France and Italy are one and all in a suspicious and very touchy mood on the subject of armaments. If the conference is to avoid shipwreck, its course must be steered with consummate finesse. This time the rule-of-thumb navigation methods which proved effective at Washington in 1921-22 and at London in 1930 will be of no avail.

Roosevelt and the Spoilsmen

By HAROLD BRAYMAN*

NEVER in the history of the United States has a national administration been subjected to so much pressure for government jobs by party workers and voting supporters as that which has been exerted since President Roosevelt began his term of office. There was, to begin with, the natural hunger of Democratic workers after twelve long years of standing outside looking in while the Republicans presided at the "pie-counter." To them was added the rather select group of independents who worked long and hard to bring about Mr. Roosevelt's nomination. But the vast horde with whom the administration had to contend came to it because of the stress of the times.

Men who in 1928 would have scorned the "little Cabinet" or the lesser Ambassadorships have been eager in the last eighteen months to obtain obscure positions paying enough to live comfortably. Doctors of philosophy have sought minor technical appointments and taken whatever was offered. Many with records in *Who's Who* have had friends in Washington quietly trying to find them anything that sounded reasonably important. College graduates have applied for positions running elevators, and all the economic wrecks of the depression, who rose up with the Democrats against President Hoover, have turned to the ward politicians to get them a job, any kind of job. The number of victors claiming spoils turns out to be almost beyond belief.

It is smiling, shining "Big Jim" Farley, the Postmaster General, who has stood for a year and a half as the buffer between President Roosevelt and the job-hunting horde. A man of friendlier nature never was born; yet he has had to refuse thousands of times when all his inclinations have been to grant.

Many people have found it difficult to understand how Mr. Farley, the frankly political-minded graduate of the district clubhouse, fits into the erudition, theory and high purpose of the New Deal. But if one analyzes it he fits like the last piece in a jig-saw puzzle. The President would no more do without Mr. Farley than he would without his sense of humor. Even a reform administration must stay in power if it is to succeed, and one must admit that at least certain compromises with the spoils system are necessary, unless one is willing to argue, rather impractically, that a winning group under our party system can promptly forget its supporters. The less given in compromise the more delicate becomes the task of selecting and refusing. A President obviously cannot watch this detail himself if he is to give any attention to government.

On the other hand, if we take for granted a sincere faith in the New Deal by its sponsors, their accomplishments could be greatly reduced by the creation of unnecessary political antagonisms. The careers of Herbert Hoover and Woodrow Wilson are proof of that. It seems at least reasonable

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that the highest statesmanship consists in taking immediate private interests and individual ambitions and bending them to serve the long-range purposes of well-planned public good. It has been said that every appointment to public office makes for the appointing power one ingrate and nine enemies. The long experience of many public officials testifies that there is much truth in this statement. That is why Mr. Farley is so essential in the New Deal picture. He is utterly loyal to President Roosevelt and to anything and everything the President makes up his mind to stand for. He is the great compromiser between an unprecedented pressure for jobs from the party and a determination by the President to provide capable administration.

To handle that difficult task, the Postmaster General, whose heart is as large as his smile is broad, is the ideal man. He may not avoid the creation of the ingrate in all cases, but he can escape the making of the nine enemies. He refuses a loyal party supporter with such sincere regret that the disappointed man goes home convinced that "Big Jim" won't sleep fo· three nights and will later make it up to him in some way. Mr. Farley's capacity for friendship is, indeed, unlimited. He never forgets a first name, or a face, or the fact that its possessor had pneumonia last Spring, or bet on the winner at a prizefight five years ago. How can even the most hard-boiled politicians long stay angry with so genial a man?

With utter frankness Mr. Farley laid down the rules under which he would distribute patronage. The first question he would ask, he said, would be if the applicant was qualified, and the second if he was loyal to the party and sympathetic toward the program of President Roosevelt. He announced that patronage was the reward of those who had worked for party victory, that it was an assistance in building the party machinery to win the next election, and, significantly, that it was also the test by which a party shows its fitness to govern.

Numerically the distribution of jobs since March 4, 1933, has been the greatest in history, although in proportion to the total number of government employes the turnover was much larger in the Jackson, Lincoln and several other administrations. Administration leaders have been in many cases passively resistant to political appointees, but no such resistance has been shown by Congress, whose members felt, even more than Mr. Farley did, the full weight of the drive for jobs. There the spoils attitude emerged in its most depraved and shameless nudity.

Before President Roosevelt was inaugurated Senator Kenneth McKellar of Tennessee pushed through the Senate a resolution demanding from the Civil Service Commission a list of all positions in the government exempt from civil service. Such a list had been provided in the Wilson administration, but had been circulated among only a few people. This time it was made public property. An enterprising publisher put it out privately and it was a best seller all over the nation. It was hawked on the streets—"81,000 government jobs—here they are—pick yours—only 25 cents." Besides these places in the existing government on March 4, 1933, 70,000 more have been filled without regard to civil service in the new agencies created by the Roosevelt administration—over 150,000 in all. There was no modesty as to numbers.

The avidity of Congress for placing political appointees was so great that it required no persuasion to induce

both houses to provide in the legislation creating the new agencies that employes should be exempt from civil service. In some cases President Roosevelt recommended such a provision. In the cases where he did not some one always inserted it.

From December, 1932, to March, 1933, the Democratic Senate refused to confirm any appointments of President Hoover, thus holding them all vacant to be filled by President Roosevelt. A patronage committee was created in the House to find jobs for deserving Democrats. Postmaster General Farley's comment about the customs patrol on the Mexican border that "Democrats would look just as well riding horses as Republicans" was the mildest form of spoilsmanship compared with this committee, which even tried to invade the Library of Congress. There is a group of translators there who work on manuscripts in Sanskrit and other ancient or obscure languages. In some cases there are only a few people in the world competent to do this specific work. Some of the Congressional spoilsmen even wanted this group dismissed and replaced by good Democrats.

In the early days of the Roosevelt administration patronage was temporarily withheld from the Congressmen and a Democrat in the House said privately that the whole right of the centre aisle was seething in revolt and that "we'd be up in arms overnight if we weren't afraid Roosevelt would go to the radio."

The culmination of the Congressional drive for patronage came in the last session of Congress when in the closing days the House by a party vote passed a bill to employ 100,000 men to take a special census of unemployment, agriculture and livestock on Nov. 12. The timing of the census so closely after election led to the Republican attack that it was an attempt to "buy" 100,000 votes for the Congressional elections. Some semblance of truth was given to the charge by the fact that the bill was introduced by Representative Lozier of Missouri, chairman of the unofficial House patronage committee. It was stopped in the Senate by a Republican filibuster.

The distribution of the 150,000 non-civil service jobs has been subjected to rather vigorous criticism by the Republicans and the National Civil Service Reform League. Most of this criticism has been based not on the character of the men appointed but on the fact that civil service lists were not used in the emergency agencies. The answer is made by the Democrats (rather lamely) that the emergency organizations were hastily assembled and that there was no time to wait for the civil service to function. It was also argued in extenuation that men were wanted in these important agencies who were completely loyal to the administration, and that the employes chosen were just as capable as the civil service would have provided.

Both the President and Postmaster General Farley joined without reluctance in the Congressional drive for means of rewarding past favors and smoothing the way to new ones. The President willingly recommended to Congress that thousands of employes be exempted from civil service, and as soon as the administrators were appointed for the newly established bureaus Mr. Farley had such a line of job-seekers waiting for the doors to open that an independent applicant could hardly have approached. Wherever executives would take them they were pushed in. In some of these places Mr. Farley took no chances on the possibility of non-political appointments. He induced Secretary of Agriculture Wallace to issue an order on

July 22, 1933, relative to the employment of unskilled and non-technical men for the various camps of the CCC. It contained the following instructions:

"For all positions which require qualifications of an unskilled, non-technical or non-professional character, a list of qualified men available for the different camps with a statement of their several qualifications will be furnished through the Secretary's special assistant, Mr. Julian N. Friant, to the Forester, from which list selections shall be made to fill such vacancies as may occur. The Forester will furnish Mr. Friant with a description of the jobs in this class and a statement of the required qualifications."

Mr. Friant is Mr. Farley's patronage representative in the Department of Agriculture. After the order went out Democratic Congressmen were notified that they might submit names of people capable of acting as non-technical superintendents and foremen in the camps in their districts.

Wholesale methods have been used in the actual systematic distribution of patronage. In the early days the Postmaster General and his immediate assistants did most of the work. Now much of it is cleared through Emil Hurja, who is Mr. Farley's assistant in the offices of the Democratic National Committee. Mr. Hurja is a big, pleasant and very soft-spoken individual who passes on the qualifications, political and otherwise, for most applicants, and handles the detail of getting them in jobs for which they are fitted. "The poorest kind of politics is to recommend an unqualified man," he says. "It results in poor administration and hampers the success of the party. If this administration is successful it will be re-elected without the help of patronage. If it fails, all the support from all the patronage of all the offices wouldn't save it."

Mr. Hurja is a happy accident for the Democrats. Having been successively secretary to the Delegate to Congress from Alaska, publisher of a newspaper in Breckenridge, Texas, and an analyst of mining and oil securities in New York, he applied the trend analysis system in finance to politics. He took his system of forecasting election results to John J. Raskob in 1928, but no interest was shown in it. Four years later he took it to Frank Walker, then treasurer of the Democratic National Committee, and was immediately given an office and assistants as a volunteer worker. Early in the Summer he had a complete card index of the voting records of every county in the United States for the four top offices in the 1928 and 1930 elections, thus showing the trend. During the campaign the trend lines were corrected through use of all the straw votes taken, from that of the *Literary Digest* down to those of the little weekly newspapers. A week before the election the projections of these trend lines were completed and estimates made. Mr. Hurja was right on every State except Pennsylvania. He had the majorities within 2,000 votes in twenty States and within 1,000 votes in ten States.

That card index is being kept constantly up to date. It has a definite relationship to patronage because it shows the sixty or seventy districts in which the Democrats face their closest fights in the Congressional elections. Those districts are receiving more patronage than those which are either hopeless or certain. Charts are also kept by Mr. Hurja of the distribution of jobs, which have been apportioned so as to keep a balance among the States. He has calculated a system of quotas. Out of every 1,000 jobs, for

instance, New York is entitled to 101 and Arizona to 4. He has another chart based on the total salaries. By watching these charts no State ever gets far out of line or has for long a complaint that it is not receiving its share. A similar record is kept of all the Democratic members of Congress. During sessions a record of Aye and No votes has been made at times, and those members who stood by the New Deal have had their rewards increased while the backsliders were punished.

In order to avoid placing applicants in positions for which they are not fitted, all seekers for routine jobs are required to fill out an extensive questionnaire giving their qualifications and experience. To see that square pegs are not put in round holes the Postmaster General and his assistant, Mr. Hurja, have their own representative in practically every bureau and department to handle patronage matters.

At first there was a great deal of difficulty because of the extreme distrust of all persons with political endorsements by the heads President Roosevelt had chosen for some of his departments and bureaus. Harold L. Ickes, Secretary of the Interior, would have nothing to do with political appointees. Mr. Hurja himself was sent to the Public Works Administration as "key man" for some months. He worked with Secretary Ickes by selecting his men very cautiously and inducing the Secretary to accept them provisionally for thirty days on the understanding that if they were not satisfactory at the end of that time they could be dismissed without further ado. Very few of them were ever discharged. Gradually Secretary Ickes became less suspicious and slowly yielded to the system.

More or less resistance to political appointees has been encountered also from Miss Frances Perkins, Secretary of Labor; Henry A. Wallace, Secretary of Agriculture; General Hugh S. Johnson, National Recovery Administrator; Harry L. Hopkins, Relief Administrator; Joseph B. Eastman, Railroad Coordinator, and Joseph P. Kennedy, chairman of the Securities and Exchange Commission. These executives and many of their subordinates have insisted upon picking their own men for all important positions, and it is to the credit of the Roosevelt administration that in most cases they have been allowed to do so. The patronage dispensers have pressed hard, but rarely with authority.

Nor were all the Republicans holding exempt positions turned out. Where they were not entirely out of sympathy with the aims of the administration and where they were exceptionally capable they have been retained. Charles Michelson, chief public relations man for the Democrats, sent through an approved order at the very beginning directing that no competent publicity man be removed because he had been appointed by the Republicans. Postmaster General Farley announced that no competent postmaster would be separated from his job for political reasons in advance of the expiration of his term. President Roosevelt ordered that civil service employes who had been dropped in the economy wave of April and May, 1933, should be given the preference in filling similar positions in the new emergency agencies, except in the cases of the 4,600 Republicans "covered in" by President Hoover without examination.

Numerous Republicans remained in prominent positions, and some were promoted. George Z. Medalie was District Attorney of the Southern District of New York for nearly a year. When Horace M. Albright resigned as

Director of National Parks to go into business, Arno Cammerer, the assistant director for years, was promoted, although the patronage hunters viewed the place with greedy eyes. Just before President Roosevelt went to Hawaii, Secretary Ickes sent over for his signature a commission for John W. Finch of Idaho as Director of the Bureau of Mines. Mr. Finch had been Professor of Mining Geology for four years at the Colorado School of Mines, but Mr. Farley discovered that he had supported Mr. Hoover in 1932. The commission was returned and instead of the President's signature, he left a notation, "Hold for the approval of the P. M. G." The President sailed away, but after his return he signed the commission. Scores of professors and technical men have gone similarly into important positions without political endorsements.

However, for every non-political appointment to an important post it is easy to find several that are political. They began in the Cabinet, but most of them have turned out to be capable officials. Mr. Ickes was a purely political choice. He was handed to President Roosevelt by Senator Hiram Johnson, who bolted the Republicans to carry California for the President. Now the Secretary of the Interior is one of Roosevelt's most trusted lieutenants. Claude A. Swanson, Secretary of the Navy, was appointed after Senator Carter Glass had refused the place of Secretary of the Treasury, because it was necessary to promote one of the Virginia Senators to enable Harry F. Byrd to run for a seat in return for his shift to Mr. Roosevelt at Chicago.

Hundreds of political appointments have been made to responsible posts, but the administration has shown an unusual alacrity in easing out any one who has failed to come up to the standards which have been set. "Seaboard Bill" Stevenson, an ex-Congressman from South Carolina, was given a political appointment as head of the Home Loan Bank Board, which had several thousand jobs to bestow and over $2,000,000,000 to distribute to lighten the debt burden of home owners. Mr. Stevenson apparently regarded all this as pure patronage. When asked by newspaper men if he would use the merit system in choosing employes he said he would consult the Senators and Representatives "because they are better acquainted with the merits of the persons involved." After several complaints came to the White House about the organization, "Seaboard Bill" was replaced, and many of his appointees went after him.

Pat Malloy, an Assistant Attorney General from Oklahoma, was allowed to resign. Major A. V. Dalrymple, a McAdoo man, who was head of the Prohibition Bureau, was similarly permitted to go. Governor Gore of Puerto Rico developed bad health and was replaced by General Winship. There are also many minor instances. Out of 30,000 applicants the Federal Housing Administration took 500, mostly political, and at the end of three weeks dismissed 75.

Few of the political appointments in Washington handled by Mr. Farley and Mr. Hurja have turned out badly, but in the States where local representatives are chosen in droves by local political organizations for such agencies as the Farm Credit Administration, the PWA, the NRA, the AAA, the HOLC and the emergency conservation work it is frequently a different story. The Ickes appointments submitted to the President for State and regional PWA advisory boards were held up for three weeks and considerably changed before they were

announced. In many cases politicians who were neither pure nor simple have worked themselves into important local positions, and the local administration of these people is responsible for a fair share of the criticism of these agencies.

The real spoilsmen, who are not interested in such minnows as $5,000-a-year jobs but are out for the big-game fish, received their worst defeat when the $3,300,000,000 public works program, with all the contracts which it involves, was placed in the hands of Secretary Ickes. He has proceeded with an iron determination that there shall be no scandal in the expenditure of these funds. Only recently he ordered complete reports on alleged faulty construction in the $42,000,000 Chicago sewer tunnel and directed that payment be withheld on 1,400 feet of reinforced concrete sewer.

Notwithstanding the frankly patronage standpoint from which many jobs have been bestowed, there has been evidence of a healthy attitude toward the responsibilities of the individual for public rather than private service after appointment. It began with President Roosevelt's order against public officials holding party jobs, an order to which the Postmaster General is the chief exception. Numerous national committeemen were Federal officeholders and had to resign as one or the other. Politicians with a smattering of the law who opened up offices in Washington and started practice as "fixers" because of their known political entrée were promptly blacklisted. This was followed by an order from Secretary of the Treasury Morgenthau to his department forbidding political activity by any Treasury official. That was a sad day for the scores of politicians who had soft berths as collectors of internal revenue or collectors of customs. Some resigned their political offices, some their public offices, some squirmed and hesitated. Reports of political activity in the Internal Revenue Bureaus in Detroit and Philadelphia led to prompt suspensions. It was evident that Mr. Morgenthau meant what he said and that this was no mere gesture for the record.

When President Roosevelt issued an order requiring civil service examinations for first and second class postmasters, it was shown rather effectively that the order did not mean much and was so drafted that no Republican need ever be appointed. Yet there has been remarkably little criticism of individual appointments by the present administration. In rare cases has a fight been made in the Senate before confirmation, and in those instances it has been usually over non-political appointments.

The degree of devotion to public service in the Roosevelt administration is probably somewhat higher than the average. It is true that it has its percentage of ward-heelers, particularly in the local organizations, but the intense enthusiasm of many of those in important positions for the aims of the administration, the careful watchfulness for anything that smells of scandal, the excitement of a national crisis at the time the administration began to function, the spectacle of emergency bureaus working without regard for hours, the frequently reiterated high purpose of the President, have all contributed toward developing in Washington a morale of sincere endeavor which has been all too infrequently characteristic of American government.

Russia Bows to Human Nature

By WILLIAM HENRY CHAMBERLIN*

ONE of the most debatable as well as one of the most far-reaching questions which the Bolshevik Revolution has raised is whether and how far a new social and economic system can change what is rather loosely and vaguely called human nature. How does the human being react to communism, which removes many old stimuli, destroys many familiar ideals and offers new ones in their stead? My own impression is that the Soviet régime has, in many ways, affected and changed human behavior without, however, necessarily altering the underlying motives of this behavior.

But we should bear in mind that if the Soviet régime has changed human behavior, human nature has had its effect upon the Soviet régime. The atmosphere during the first Five-Year Plan was one of terrific strain, quite comparable to that of war. Typical of this were the great increase in the number of arrests on charges of sabotage, espionage, counter-revolution and so forth, and the frequent exercise by the Ogpu of its right to execute persons without a regular court trial.

Now there are signs of relaxation all along the line. The Ogpu, for example, has been reorganized under a Commissariat of Internal Affairs. This Commissariat retains many of the powers of the Ogpu, including the right to banish any one to a concentration camp for not more than five years without trial and the supervision of the numerous labor camps. But the Ogpu may no longer impose summary death sentences and will apparently also lose control over the special troop units which it formerly maintained.

The growth of what might be called Soviet patriotism is another new trend worth noting. There was a time when it was bad form for a Communist to show enthusiasm over Russia as a country. The international aspect of bolshevism was stressed. Today the Soviet newspapers are full of references to "our great country" and "our Socialist fatherland." The fading prospects of world revolution, coupled with absorption in the tasks of internal construction, have helped to make the average Soviet citizen and even the average Russian Communist much more nationally minded. This is already reflected in Soviet foreign policy, with its conscious assertion of Russian national interests, its willingness to take sides among foreign powers, instead of damning them all impartially as "capitalist imperialists."

The new spirit is also seen in the discouragement of the extremely dull purely propagandist standardized type of play and novel and in the revival of more conventional teaching methods in the schools and universities. Up to 1932 the Soviet school room suggested a joyous bedlam. Teachers had little or no authority; discipline was conspicuously non-existent, and a succession of experi-

*Mr. Chamberlin for many years Moscow correspondent of *The Christian Science Monitor*, will early next year become Far Eastern representative of that newspaper.

mental innovations reduced instruction to chaos. But now the authority of the teacher has been restored; marks and examinations, once despised as "bourgeois," are again in vogue; group methods of learning lessons, once favored as a form of training for a collective society, are frowned on because it is considered necessary to test the individual capacity of each pupil. Teaching is again by subjects; the "complex" method, under which classes were assigned broad themes for study, has been discarded.

A point often emphasized by Communists is that wealth is not an object of desire in the Soviet Union. Kosarev, secretary of the Union of Communist Youth, once declared that no Soviet young man would say that he wished to become a rich man; he would rather be an engineer or technician, or a Stalin. This is quite true; but it does not prove self-sacrifice or idealism on the part of the Russian younger generation. Wealth is desired in most countries because it implies ease, comfort, security, social respect. It is not desired by any rational person in the Soviet Union, because there it implies precisely opposite things.

The Russian citizen today could no more desire to be a capitalist than an American or an Englishman could desire to be a slave-owner. Every door that leads to the accumulation of a large personal fortune has been banged, barred and bolted. The limited concessions made to private business enterprise under the NEP have been swept away; and no one may any longer own or operate the smallest kind of store, factory or restaurant, while private farming is well on the way to abolition.

The ambition which under a different system might find expression in acquiring a personal fortune can find an outlet in the Soviet Union only through advancement in the service of the omnipotent State. Instead of the stimulus to accumulate private wealth, the Soviet system offers to men who rise high in the hierarchy of political and industrial administrators the equally strong incentive of power, accompanied by a standard of living which, though modest by comparison with what a rich man of luxurious tastes can enjoy in Western Europe and America, is still far above the bleak Soviet average. To a foreigner who is accustomed to think of the Soviet ruble as worth about two cents a Soviet high official or "captain of industry" receives a moderate salary which may seem ridiculously small, but his position is something like that of an army officer in many other countries.

The salary is indeed small, but the perquisites of office provide numerous compensations. An important post in the Soviet Union carries with it a comfortable apartment, the use of an automobile, the right to eat in a good restaurant at a nominal charge, admission to the best rest homes and sanatoria, a private car for travel on the railroads and other advantages. These things are valuable in Russia just because there is such a general shortage of what would be regarded elsewhere as normal food, housing and transportation accommodations.

The whole tendency in the Soviet Union now is not to diminish material inequality, but to increase it by insisting that the more skilled and industrious worker in any field should receive more than his fellows. Equality of income may be Bernard Shaw's ideal; it certainly is not that of Stalin, who devoted some of his sharpest denunciation at the last party congress to those Communists who practice, favor or condone *uravnilovka,* which

is best translated as "equalization" or "leveling." "*Uravnilovka* in the sphere of consumption and personal life is reactionary, petty-bourgeois nonsense, worthy of some primitive sect of ascetics, but not of a Socialist society." Starting with this emphatic condemnation, Stalin added that there will be no *uravnilovka* even in the final phase of Communist society, when all are supposed to work according to their capacities and to receive according to their needs. "Because," to quote Stalin again, "Marxism proceeds from the assumption that tastes and needs are not and cannot be the same as regards quantity and quality either in the period of socialism or in the period of communism."

All this is a far cry from the leveling tendencies of the first years of the Five-Year Plan, 1929 and 1930. Then the liquidation of the private traders in the towns and of the kulaks in the villages was interpreted by many rank-and-file Communists as the first step toward a society where complete material equality would prevail, where every one would eat approximately the same amount of food and would be clothed in much the same way. In 1930 I met a vigorous exponent of this viewpoint in a former Red partisan, a political organizer in a new collective farm on the lower Volga. "The liquidation of the kulaks is only a first step," he declared. "The next step will be the establishment of the same standard of living for all State employes." Half jokingly I suggested that he would earn as much as Stalin. "That certainly is our final goal," he replied very seriously, "that there should be no more classes and that no one should receive more than his fellow-workers."

At that time village Communists often tried to force the peasants to organize full-blooded communes, with all eating at the same table and even throwing such remnants of individual ownership as the family cow and chicken into the common pot. In the towns young Communists began to organize "living communes," where all put whatever wages they earned into a joint fund, from which they received whatever was considered necessary for food and clothing.

Such tendencies in village and city are now severely repressed. A long process of trial and error has led to the recognition of the *artel,* under which the peasant keeps his own house and garden, his cow and pig and chickens (if he is lucky enough to have any) as the most workable form of collective farm. Anything smacking of equal wages for work of uneven quantity and quality is considered thoroughly reprehensible; and the old ambition of the Soviet trade unions, gradually to raise the more poorly paid workers to the level of the more highly paid, is "Right opportunism," a strong term of opprobrium in the Soviet Union.

Every kind of differential spur is being used to stimulate greater productivity in the factory, greater efficiency in the office, even greater proficiency on the part of the students in the higher schools. Because of the low purchasing power of the ruble and the numerous rationing restrictions money wages alone are not as important as they are in other countries. So all kinds of other inducements are pressed into service. The *udarnik,* or skilled and industrious worker, gets a better meal at the same price in the factory restaurant, receives first consideration when new apartments are ready for occupancy, is given preference in admission to rest homes and sanatoria. At the State Opera House, where almost all the seats in the orchestra are reserved

for *udarniki* of various institutions, the persons who occupy them are not necessarily manual workers; they may be officers of the Red Army, engineers, specialists, employes, students, who are supposed to have performed meritorious service. The stipends paid to students are also made dependent upon the quality of their work. The bright student receives a higher stipend; the hopeless dullard is promptly struck off the State pension list altogether.

The second Five-Year Plan proclaims as one of its slogans the creation of a classless society. This apparently promises greater material equality. But in actual practice it is conservative rather than revolutionary in its implications. Once there are officially no more classes, there is no justification for class hatred and class envy. The unskilled laborer who in 1937 may grumble when he compares his frugal fare and cramped quarters with the higher living standards of Soviet executives and engineers will be not a proletarian justly indignant at his lowly lot, as he would be in a "capitalist" country, but a misguided comrade, who must be instructed in the harmfulness of "leveling" and the blessings of payment by piecework.

The communism of Russia as it is evolving today thus shows no indication whatever of becoming a system of communal living and equal sharing. The whole emphasis of the great change which the revolution has brought about is placed on abolishing the possibility of permitting one man to employ others for the sake of making a profit. Its concern is not that every one should receive the same wage but that the State, in one form or another, should be the universal employer and the general paymaster.

Communism has its non-material incentives. Much of the extensive national propaganda effort is devoted to praising efficient workers and denouncing slackers on "the labor front." In line with Stalin's declaration that "the country must know its heroes," feats of scientific and labor achievement are prominently described in the press; and such decorations as the Order of Lenin and the Order of the Red Banner of Labor are awarded to men and women who have especially distinguished themselves. In Moscow's chief amusement park one sees in the Udarnik-Allee the *udarniki* of Moscow factories commemorated in sculpture by Soviet artists. An extensive system of "Socialist competition" among factories which try to beat one another's records in increasing output and reducing costs, and among groups of laborers in factories and on construction enterprises, has been put into effect.

The value of these Socialist incentives so far has, however, been distinctly secondary. Experience has shown that the main desire of the Soviet worker or employe is not unlike that of the worker or employe in any other country—to improve his material condition in life. That is why the policy of sacrificing the material well-being of the people to the program of expansive and intensive new building during the first Five-Year Plan seems, in retrospect, to have been highly questionable, even from the purely economic standpoint. The provision of more beefsteaks and shoes, more shirts and gramophones would probably have stimulated higher productivity of labor and brought about surer and more genuine, if less spectacular, industrial progress.

A final answer cannot yet be given to the fascinating question as to what kind of balance will finally be struck between the power of the most totali-

tarian State in the world and the scope of the individual personality in the Soviet Union. In the early years of the first plan the tendency was strongly in the direction of flattening out the individual under the collectivist steamroller. Stalin's six conditions for the efficient management of Soviet industry, proclaimed in the Summer of 1931, heralded an important change, and since then the Soviet leaders have shown more inclination to give the material interests of the individual fuller consideration within the iron framework of an economic system that permits no private ownership of means of production.

One of the paradoxes of Soviet development in fact is the circumstance that the huge process of industrialization in which the Soviet leaders see the final triumph of collectivism is demanding, for its successful functioning, more and more regard for the interests and desires of the human beings who must operate it. Indeed, a main problem of the Soviet Union is to find out how much individualism must be conceded in order to make a collectivist system work, just as a main problem in other countries is to discover how much collective control must be established in order to make an individualist system work.

Kaganovich: Chief Aide to Stalin

By LOUIS FISCHER*

A FORMER shoemaker, a self-made man of 41, is, next to Stalin, the most powerful Bolshevik leader of the Soviet Union. Molotov is Prime Minister, and signs decrees together with Stalin, but Lazar Moiseievich Kaganovich is the big chief's trusted first lieutenant.

The Bolshevik Old Guard, the men who schemed in exile, the leaders who made the revolution of November, 1917, are either dying off or being relegated to positions of lesser influence. Stalin is one of the few political survivors of that band of iron-willed revolutionaries who staged the Bolshevik coup d'état seventeen years ago. Trotsky lives in foreign banishment. Zinoviev, Bukharin, Kamenev, Sokolnikov, Ossinsky, Kollontai, Miliutin, Rykov, Antonov-Avseyenko, Krestinsky, Karl Radek and others whose names figured prominently in the adventures and discussions of the early years of revolution now perform services of varying importance, but none has a really decisive voice in the inner Bolshevik circle.

Stalin's counselors, the members of the Communist party's Political Bureau, were not included in Lenin's general staff. Some of them played their rôles in provincial centres. Others, like Lazar Kaganovich, were too young when the revolution broke out to be among its outstanding personalities.

Kaganovich is of the new generation of Bolshevik statesmen. He was only 24 years old when Lenin gave the signal for revolt. But he had already had his revolutionary baptism. In fact, he joined the Bolshevik party

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as early as 1911, at the age of 18. It was a period of dark reaction in Czarist Russia. Young Kaganovich read revolutionary literature surreptitiously. Neither employer nor relatives must know of his radical tendencies. It required character and will-power to join the detested Bolsheviks in those days. Revolutionary élan was at its lowest, and official persecution at its worst. Kaganovich's first Communist activities, therefore, were "underground." He met his comrades in his native town of Homel at secret rendezvous, avoiding the ubiquitous agents of the terrible Ochrana. But not always could he avoid them. On several occasions he was arrested. This is today part of his proud record. Fewer and fewer of the Soviet Communists now moving up from the ranks into positions of leadership can boast of jail sentences.

Lazar Moiseievich was ambitious. The little Polish-Jewish town of Homel made him feel cramped. He yearned for a more proletarian centre which would afford wider scope for his abilities. The February revolution—the revolution which overthrew the Czar—found him in the Ukrainian city of Uzovka (now rechristened Stalino), near the centre of the Donetz coal basin. Soon he became chairman of the local soviet. He was a good speaker, and that counts for a great deal in times of revolutionary upheaval. He was an excellent organizer, and above all he was an indefatigable worker. Hours meant nothing to him. New duties only whetted his appetite for still more duties. Kaganovich possesses these same qualities in only intensified degree today. They explain his rapid rise.

In 1923 Lenin's eagle eye fixed upon this promising young man. He noted Kaganovich's energy and resourcefulness, and he appreciated an asset to which Bolsheviks always attach exceptional importance—his close contact with the workers and his knowledge of their psychology. A worker himself, Kaganovich always lived with workers. He is of the proletariat and can be depended on to gauge with a fair amount of accuracy how a given measure will be received by the men in pits and factories, in other words, by the Soviet ruling class. Generally speaking, men of the type of Kaganovich are crowding out the old intellectuals and professional revolutionaries who formerly dominated the Soviet scene. Stalin has furthered this tendency, and so have events.

Kaganovich, thanks to his energy, has served as a sort of "shock-brigade" leader. Until he finally established his position as indispensable side-partner of Stalin in Moscow, he was shifted from place to place wherever a weak link appeared. In 1918 he helped to organize the Red Army; that was the pressing task of the moment. Soon he became chairman of the Soviet in the Nizhni-Novgorod region. A little later—the civil war was raging violently at the time—we discover him nearer the front, at Voronezh, as chairman of the Revolutionary-Military Committee.

The scene changes radically now from this typical Russian town to the heart of Central Asia, near the borders of Afghanistan and India. Bolshevism was spreading as the White armies retreated. Turkestan had to be sovietized. Kaganovich consequently was rushed to Turkestan. He remained there for more than a year. Meanwhile his reputation grew. He got what he wanted. In a party known for its vigor and daring, he stood out for strength and courage. In the council chamber or at a personal interview he can be mild and persuasive. But he has been

hard and ruthless too. He personally signed the death warrant of not a few North Caucasian kulaks who were obstructing collectivization in 1931. Yet everybody knows that he will listen to the minutest details of a family man's troubles and try to get him an apartment in crowded Moscow. In Kaganovich the lion and the lamb lie down together.

After his impressive record in Turkestan, Kaganovich advanced quickly. Now Moscow wanted him. Lenin recognized his abilities, and so did Stalin. The Thirteenth Congress of the Communist party, which met in 1924, elected him a member of its Central Committee. This is the top rung of the Bolshevik ladder, except for those few, the Big Ten, who move up into the Political Bureau. That highest pinnacle Kaganovich reached in 1930.

His election to the Politburo was preceded and warranted by his work as the Bolshevik chief of the Ukraine in 1927 and 1928. The Ukraine is the largest Soviet national minority republic. It is the richest agricultural and manufacturing region of the Soviet Union. Kaganovich was its supreme ruler, and he made a good job of his regency. He spoke Ukrainian. He addressed peasant meetings in their native tongue. He combined the firmness and the sympathetic understanding, the talent for organization and the sense of humor, the capacity to work with the readiness to obey orders from the Kremlin that explain his phenomenal triumphs through the last decade of Soviet history.

Kaganovich has what Stalin lacks—a personal warmth which wins. He can also charm the masses. At the party congress in January, 1934, Michael Kalinin, President of the Soviet Union, was speaking of domestic propaganda. "There are two kinds of orators," he said. "One who carries the masses with him." At this point War Commissar Voroshilov interjected, "Kaganovich, for instance." Kaganovich, indeed, is perhaps the Soviet Union's best public speaker. Tall, robust, with a fine voice, he has a presence that makes an instant appeal. His black hair has grown thin of late, until it forms a kind of gauze-like web on the top of his head. A year ago he removed his jet beard which shows in earlier photographs; only the thick mustache remains. It makes him look somewhat mongoloid.

Kaganovich can get closer to people than Stalin, but he is no Stalin. His calibre is much smaller. Stalin stands head and shoulders above him in intelligence, political strategy, experience and steeled will. Kaganovich knows this. He knows also that no matter what happens he can never be Number One. His ambition recognizes its limits. Stalin, therefore, has nothing to fear from him and can trust him implicitly. Kaganovich is not only an able second-in-command; he is also a faithful servant of the master. His loyalty is unquestioned and his prerogative, accordingly, is great. No one thinks of attempting to restrict his popularity with the workers or to reduce the number of big tasks assigned to him lest he become "dizzy with success." On the contrary, every season sees new functions assigned to him.

The party congress which met in January, 1934, appointed Kaganovich to a post—that of chairman of the newly created Commission for Party Control—which alone would tax the energies of the most efficient executive, for this commission is called upon to audit the finances, keep a check on the activities and correct the errors of literally every economic, political and cultural enterprise in the Soviet Union. Yet, in addition, Ka-

ganovich is a member of the Political Bureau, a member of the Central Committee, one of the four secretaries of the party (the other three are Stalin, Zhadanov and Kirov), a member of the important Organization Committee of the party, and chairman of the party's Agriculture Committee, which means that he supervises the work of all the collectives and State farms of the Soviet Union. That is no small undertaking.

When the Bolsheviks decided to establish political departments in the collectives of the country, Kaganovich called the chairmen of these departments to Moscow. There were thousands of them. He himself in fact had chosen many of them. He addressed them in the Hall of the Columns. He met many of them personally. They can appeal directly to him any time trouble crops up. But this is only one phase of his activities as coordinator of the agrarian affairs of a nation still overwhelmingly agrarian in population. At the same time, Kaganovich's duties require him to study the question of textbooks for Soviet school children and a thousand and one other matters.

On top of this mountain of work he has also a labor of love: he is the political "boss" of Moscow, the head of the Moscow party committee. This is not just one more title. He visits the committee's headquarters every day. He is making Moscow "the city beautiful," and attends to many matters personally. In recognition of this, the giant trolley buses, several score of which have been operating in Moscow streets for the last several months, are popularly called "Kaganoviches." The solution of Moscow's traffic problem is his special concern. Here is an item from a March issue of the *Pravda:* "Yesterday morning Comrades L. M. Kaganovich, Krustchev and Bulganin visited Shafts 46, 47, 48 and 49 of the Arbat radius of the subway. * * * They investigated the shafts and on the spot gave concrete instructions for improving the work." That afternoon Kaganovich presided at a conference of subway engineers. He insisted that the subway be ready on Nov. 7. The subway is his pet. Regularly he dons rubber coat, boots and fisherman's storm hat and descends into its wet, muddy tunnels.

But he is the special "patron" of other Moscow institutions as well. In fact, he is Moscow's Haroun al Raschid. He will on occasions, for instance, go into a bakery to buy bread so as to see life from the angle of the average citizen's everyday cares.

Kaganovich's normal working day is necessarily long; sixteen hours out of every twenty-four is not regarded excessive. Yet he finds time for amusements. I have seen him at theatre performances and once at a soccer game, in which Moscow beat Turkey.

Kaganovich is popular. "Captain of the Moscow Bolsheviks," the official *Izvestia* calls him. "Beloved leader of the Moscow Bolsheviks" is another way in which he has been designated. This reflects a most important yet altogether unnoticed development in the composition of the Communist front rank. In Lenin's time, and for several years thereafter, practically all members of the Central Committee lived and worked in the capital. In recent years, however, more and more members of the Central Committee and even several members of the Political Bureau occupy posts in the provinces and come to the capital only occasionally.

A careful study of the new personnel elected to these bodies in January, 1934, reveals that a considerable number of them are Communist chiefs in the various regions into which the

U.S.S.R. is divided. The Central Committee is thus gradually becoming a sort of Senate consisting of the representatives of States or provinces. But these Senators, so to speak, are at the same time Governors of their States. The rapid economic development of hitherto neglected outlying districts has made it necessary that their voices be heard in Moscow at the same time that the mounting centralization of Bolshevik political authority reduces the number of those who need sit permanently in the Kremlin and share that authority.

Kaganovich is the Senator-Governor of Moscow. Leo Kamenev occupied a similar position several years ago. And Zinoviev was "boss" of Leningrad. What was then chance—for they had been leaders long before 1917—has now become a system. A new and Soviet system of representative democracy is slowly crystallizing in Russia. Kaganovich is its outstanding figure. Very likely he would have been Stalin's right-hand man, irrespective of his rôle as leader of Moscow's Communists. But the fact that he plays that rôle, too, adds to his popularity and influence. In the highest Soviet councils he defends Moscow's local interests, and Moscow rewards him with appreciation and fondness. His picture is seen everywhere throughout the city—a circumstance which has more significance in Russia than most outsiders will realize. His speeches are copiously quoted in the press and analyzed by Communist study circles. When Kaganovich came to Moscow to rise to national prominence he also acquired the function of Moscow's local chief, and now it is difficult to know where the one task ends and the other begins.

Rumors circulated recently in Moscow that Kaganovich had earned Stalin's ill-will and was losing in prestige. Stalin had indeed sharply criticized the work on the subway. On account of the presence of subterranean water in Moscow, the building of its underground railway constitutes one of the largest tasks the Bolsheviks have yet undertaken. The most modern methods are being used; 70,000 men and women are employed on the job. But the cost is tremendous, and costly mistakes, which reflect unfavorably on Kaganovich, have been made. The subway will commence operating not on Nov. 7, 1934, as previously announced, but on Feb. 1, 1935. Nevertheless, all people realize the immensity of the undertaking. Foreign engineers agree that the Moscow subway presents more complicated engineering problems than any other in any part of the world. Kaganovich can scarcely be blamed for bad geology.

Kaganovich, accordingly, remains second to Stalin. Defense Commissar Voroshilov competes for that rank, but has not attained it. Kaganovich's abilities are great and his ambition is limited. Both these factors explain his high position.

The Fabian Way

By HAROLD J. LASKI*

IT has become customary to compare the influence of the Fabian Society on British politics with that exercised by the Benthamites a hundred years ago. There is real point in the comparison. Each group arose at a transitional period. Each was able to make itself felt because it had a considered and practical program to offer at a time when the old party cries had ceased to carry conviction. Each stood apart from the ordinary party conflict and sought to permeate the general atmosphere with the principles for which it stood. Each, finally, owed most of the success it won to tireless propaganda, on the one hand, and, on the other, to a grim attention to detailed knowledge which enabled it to use the artillery of fact as a weapon far more formidable than that rhetoric of denunciation which had previously been the main instrument of reforming parties.

The Fabian Society did not, of course, invent the atmosphere it was able to pervade. By the Eighties laissez-faire in England was already bankrupt. Men like Chamberlain and Dilke, philosophers like T. H. Green, had already come to see that the epoch of the positive State had arrived. Their weakness was either, as with the statesmen, that their particular remedies were built on no general doctrine; or, as with the thinkers (that neglected prophet Matthew Arnold is a notable example), that their general doctrine lacked the drive connected with the insistence on particular doctrines.

The Fabians remedied both defects, and in their own special way. It was important that their main protagonists were young: Shaw and Webb, Graham Wallas and Olivier, were all between the twenties and thirties; they had, therefore, a zest for knowledge, a happy self-confidence, a relentless determination to make their way, which are essential to the success of a new movement. They were, moreover, devoid of ambition in the more vulgar sense of the word. Their ideas had to be combated on their own ground, since none of them ever set out to secure the ordinary rewards of political effort. And, finally, they were defiantly British in their zeal for partial solutions.

Aggressively bourgeois in outlook (in the early days of Fabianism they could boast of only one genuine working-class member), they eschewed the path of either revolution or Utopia. If they skirted the edges of Marxism (which few of them ever really understood), they drew inspiration from John Stuart Mill and Jevons, on the one hand, and from the immediate issues of the day, on the other, rather than from those Continental insights which made the class struggle the basis of political action for Socialists. They never looked so far ahead as to

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be out of sight of those whom they sought to influence, and they never tried to build the kind of organization which is regarded by political parties as a challenge to their authority. In the early days, at least, they were an intellectual élite, winning their influence by the quality of the case they made and the energy with which they pressed it home. In the perspective of half a century it is clear that they profoundly altered the contours of British politics.

The Fabian Society arose out of a little band of idealists whose spiritual origins have links, through the wandering scholar Thomas Davidson, with Brook Farm and the traditions of Robert Owen and the early English Socialists. The impulse which gave it birth was emphatically a moral one; its members were dissatisfied with the quality of civilization about them and sought the means of personal perfectibility amid a society they condemned. In their first days they were rather unconsciously than deliberately Socialist; their platform only assumed that socialism was the way out a year or so after their foundation.

The original impulse did not last long; they soon discovered (largely through the accession of Bernard Shaw and Sidney Webb to their ranks) that combination of factual grasp and unity of outlook which gave them their peculiar power. Henceforward they had found their special task. On the one hand, it was the dissemination of expert information upon social questions; on the other, it was to make the masses aware, and through them the historic political parties, that the "condition of England" question was the clue by which the quality of political action was to be judged.

The first twenty years of Fabianism are a remarkable episode in the strategy of permeation. Lectures, pamphlets, the famous *Essays*, debates, did much. Membership of local governing bodies, contact with pivotal persons, propaganda in radical associations, did more. The Fabians knew how to handle the press. They learned how to play off the political parties against each other. They became a bureau of ideas for innumerable people in and on the fringe of politics who were in search of a policy and uncertain how to develop one. Any group of men was bound to succeed which had Webb as its main strategist and Bernard Shaw as its chief literary exponent.

But the secret of those early years was not merely Webb's fertility of ideas or Shaw's supreme gifts of exposition. It was partly the fact that the group really moved as a unit upon a single front; it was partly that it sought more to get things done than to seek the credit for doing them. The world was fully aware of its existence; no group led by Webb and Shaw could hide its light under a bushel. But it was never so aware of the Fabians as to be conscious of the degree to which it was influenced by them. Great editors like Massingham, eminent statesmen like Haldane and, later, Mr. Winston Churchill, preached Fabian ideas, were promoters of Fabian legislation, without ever being really conscious of an inspiration which, had they been aware of it, they would only too probably have been anxious to reject.

The peculiar Fabian strategy was, moreover, greatly helped until the war by the absence of any Labor party in England avowedly Socialist in outlook and objective. Fabians could be Labor or Liberal; they could even, like Mr. Amery, find in the Fabian Society their intellectual apprenticeship to future eminence in the

Tory party. Fabian influence is written large over the legislation of all parties in England before 1914. In education, in statutes like those dealing with the trade unions, trade boards, workmen's compensation, the powers of local authorities, the hand of Webb and his colleagues can be traced. It is not, I think, too much to say that the Fabians were more responsible than any other body of their time for making attention to social conditions the primary issue of British politics.

They remained always a relatively small group (at the maximum they never exceeded 2,000 members), seeking influence rather than power. In a famous episode in 1906 H. G. Wells sought to persuade the party into large-scale organization, but he was defeated after a classic fight by Webb and Shaw. The society, moreover, rarely made a frontal attack on capitalism; Mr. Cole's attempt, in 1915, to persuade it into this path was signally defeated. Its acceptance of socialism as a general doctrine moved more and more into the forefront of its outlook. But its whole temper was dominated by that outlook which, in 1923, Webb described in a now famous phrase as "the inevitability of gradualness." Nothing in its publications before the war show even a glimmer of the Marxian approach. The fact of class war, the possibility of a revolutionary technique, the economic significance of imperialism, the limitations of the parliamentary system —of all these things the society seemed as innocent as the most hardened Liberal could have wished.

The war made an important change in the position of Fabianism. It ended the Liberal epoch in British politics, and, as a corollary of that end, it transformed the Labor party from a trade union sect into a national party which became at once the heir to the Liberal tradition it immediately displaced. The Fabian Society became at once a part of the federal organization which called itself the Labor party, and membership of other parties ceased to be possible for Fabians. The change, of course, profoundly altered the character of the society. It ceased to be a body seeking a general pervasiveness for its ideas. On the one hand, it sought, as in the prewar days, by lectures and pamphlets, a general popularity for Socialist principles; on the other, it sought to pull its weight in the Labor party. Its members went into the House of Commons in large numbers; there were over sixty Fabians in the Parliament of 1929. They even went into the House of Lords, and both Labor governments had a considerable proportion of Fabian members, of whom Webb was the most notable.

The real impact of the post-war period upon the Fabian Society was the inevitable loss of unity the new orientation implied. It kept up (as it keeps up) its membership; but, inescapably, the main work of its members was done less through the society than through the ordinary party organizations. The society remains one of the main sources of Socialist propaganda. It continues to be one of the essential roads through which Socialists pass into political service. As a bureau of information, it is hardly less active than in prewar days. But, compared with the period before the war, the growth of the Labor party has necessarily meant the decline of Fabian influence. There are few ideas which can now be called distinctively Fabian. The older generation of members has moved to the periphery of politics. Fabian method is still in search of a philosophy more suited than the old to the critical times in

which we live. And it is upon the ability to discover that philosophy in the next years that the future of Fabianism as a definite wind of doctrine is going very largely to depend.

The explanation of Fabian achievement is rooted in the economic position of Great Britain before the war. It was the creed of men who sought to divert some of the abounding prosperity of the country to those who did not share in its benefits; and it was also a creed built upon a faith in the permanence of democratic processes. So long as this prosperity and these processes went virtually unchallenged, the Fabian method was an admirable one. It combined emotional persuasiveness with a massive power of handling evidence. Beyond its general insistence that the direction of the future was inevitably toward more socialism and more democracy, all its main emphasis lay upon particular measures, the cost of which did not seriously affect the position of the governing classes.

Its work was done with great efficiency, and in most of the problems it handled the society was easily able to meet its critics upon their own ground. Fabianism did not alarm the Liberals, who, after 1906, had become accustomed to the idea of wide State intervention. It was not unagreeable to the Tories, with whom the idea of a strong paternal State had always been popular. The society believed profoundly in the expert, and its outlook was therefore popular with the civil service, which after 1906 again was beginning to play a supreme part in public affairs and from which not a few of the society's most prominent members were drawn.

As essentially a group of middle-class intellectuals, its propaganda was conducted in the terms to which pre-war England was accustomed. Nothing, either in the social composition or the practical proposals of the Fabian Society, suggested a corpus of doctrine seriously incompatible with the foundations of traditional England. All the materials were there for that effective compromise between extremes which was the classic English contribution to political technique.

The reputation of the society was naturally enhanced by the growing reputation of many of its individual members. Mr. Shaw became one of the half-dozen world figures in literature. Mr. and Mrs. Webb became easily the outstanding sociologists in Great Britain, and hardly a book they published failed to become a classic work in its field. Graham Wallas revived the half-lost art of applying psychology to politics, and, as one of the seminal university teachers of his time, he gave Fabianism a new status in the academic field. Things like the Minority Report of the Royal Commission on the Poor Law (1909), the foundation, under Fabian auspices, of the London School of Economics, the creation, in *The New Statesman*, of what is perhaps the most distinguished critical journal of our time, all added notably to the influence of the society.

It had the strength, also, which comes from the absence of those individual nostrums so often associated with progressive movements. It was sound on all currency matters. It had no interest in religious ideas. If it was vaguely sympathetic to women's suffrage, it had no opinions on marriage and the general problems of sex. It proposed nothing new in education, and, though its beginnings had been profoundly influenced by Henry George, it rapidly shook itself free

from the obsession of the single tax.

These were positive advantages. To them must be added others which become more significant in the perspective of the post-war years than they probably seemed to be at the time. It is significant that the Boer War left the society practically unmoved; the author of *Fabianism and the Empire* had no difficulty in assuming that the future was inevitably on the side of the big battalions. Few people were so influential in winning support for the Education Act of 1902 as Mr. Webb; and though that statute represented a real educational advance, its purchase price was the high one of fastening denominational education round the neck of the English people. It is, too, significant that the society showed no interest before the war in foreign affairs; the conflict of 1914 found it wholly unprepared, and its members, unlike the Independent Labor party, were swept into the ordinary patriotic support of the Asquith government without any sense of the inherent connection between capitalism and war. Few, moreover, of the new Socialist ideas after 1906—syndicalism, guild socialism and the like—touched the central faith of the society at all seriously.

The Fabian Society was, until 1914, pretty much what it had been in 1884—a group of men and women trying to force the pace of progressive legislation without giving serious thought to the possibility that progressive legislation was continuously possible only when property was secure and there was a surplus prosperity which enabled concessions to be made without altering the relative position of social classes.

Pre-war Fabianism, in fact, was the child of that illusion of security which dominated British politics until the Peace of Versailles. It was built upon the belief that a special epoch in English history represented a universal truth to which there was no limit. It did not understand that Great Britain's early pre-emption of foreign and colonial markets was a temporary phase in economic evolution. It did not grasp the significance of American and German entry into the world market. It did not suspect that once the privileges of the British bourgeoisie were challenged, the issues of British politics would, despite all national differences, assume a character not fundamentally to be distinguished from those of foreign peoples. Fabianism was so immersed in, so wholly begotten of, the special position of Great Britain before the war, that both fascism and communism found it largely unprepared to adjust itself to a new world it had entirely failed to foresee.

The historian of the Fabian Society, writing in 1916, has suggested that its essential work was to force British socialism from intellectual bondage to the Marxian formulas. Looking back on the history of the last twenty years, it may be doubted whether this is an accurate summary of the position. No doubt for a generation the Fabians were able to divert the attention of the main body of British Socialists from considerations of revolution to those of reform. No doubt, also, the work they did represented concrete gains to the working classes of that generation.

But the side-tracking of Marxism has had, quite unquestionably, the serious effect upon the British Labor movement of weakening its realization that the conquest of power by socialism is a gravely difficult adventure by persuading it that the strategy of an epoch of prosperity is suited to an epoch of crisis. By training the British trade unions to a faith in

"the inevitability of gradualness," the Fabians may have released them from "intellectual bondage" to Marx. But it is permissible to believe that they have, at the same time, left them with the grave problem of relearning the significance of Marx for a period in which his own insights have far deeper application than they seemed to possess for Great Britain in his own lifetime.

It is upon that problem of relearning the significance of Marx that the future of Fabianism largely depends. The Labor party has even greater need now than when it was first founded of an expert analysis of the problems it confronts. It has still greater need of a social philosophy which relates its general principles to a capitalism fighting to preserve its life and prepared to abandon democracy rather than surrender its privileges. This has been seen by Mr. Shaw, whom post-war experience has transformed into an avowed Communist; and it has been seen by Mr. and Mrs. Webb, who are now devoting the remarkable Indian Summer of their lives to doing for Soviet Russia what they have so superbly achieved for trade unionism and local government.

If the Fabian Society can hammer out a Socialist strategy suited to the new conditions Great Britain confronts, there is no reason why its future should be less brilliant than its past. The work cries out to be done, for the main energies of the Labor party are, not unnaturally, devoted rather to winning elections than to defining those ultimate questions of doctrine and strategy by which a society's foundations can be transformed. It is pretty certain, as William Morris saw, with the genius of poetic insight, in the first days of Fabianism, that the work will involve not the rejection of Marxism but its acclimatization to the British scene. To persuade the Fabian Society to that adventure, so alien from its past traditions, will be no easy task; but it is only by seeking to perform it that it will demand historic comment upon the meaning of its second fifty years.

Apra's Appeal to Latin America

By EARLE K. JAMES*

PERU in these last two years has seen the Apra (Alianza Popular Revolucionaria Americana), originally a romantic student organization, develop into a full-fledged, virile political party. Its opponents, surprised by its strength, have systematically persecuted it, exiling or jailing its leaders and seeking by fair means or foul to suppress its propaganda. But the Apra is irrepressible and undauntedly goes on with its work, even if it is forced more often than not to act by stealth.

Though the Apra is the first important political party in South America to be definitely affected by Marxist ideas, it uses them to show why they are impracticable in Peru. It is the first major party to base its programs on the State as an economic entity. Yet it has not espoused the Fascist Corporate State, or other fashionable notions, for it proclaims its faith in democracy. Profoundly nationalistic, the movement nevertheless holds to a firm belief in internationalism, has ramifications in most Latin-American countries and wishes to be emulated by the youth in its sister republics. It deplores previous blindness to "realities" in Peruvian politics and professes sole concern with hard economic fact. Nevertheless, the Apra idealizes social processes, waxes lyrical over statistics and carries its realities on a bubbling stream of romanticism.

These seeming contradictions only serve to make the Apra what it wants to be—a product of, by and for Peruvians. It is a reaction against the transplanting of political and social systems from foreign lands. If it is complex and unique, it is presumably so because Peruvian reality, to which it is shaping itself, is complex and unique. It is, in fact, Latin America dabbling with the idea of the economic State, visualizing its problems through the eyes of the economic determinist, opening the doors to an era of intense nationalism, and trying to shed the last remnants of colonialism. Peru, perhaps the country least prepared to lead the way, because of its hodge-podge of the primitive and the modern, is the first to give comprehensive expression to these various trends.

Two programs have been announced by the Apra—a minimum, made up of immediate objectives, and a maximum, which is still unformulated except for a vague foreshadowing of ultimate collectivism. Both programs spring from the four basic philosophies of the Apra—nationalism, the hegemony of the State, government for and by the lower and middle classes, and social reconstruction on an economic basis. These four intertwine in a bewildering, unorthodox fashion.

The immediate objectives constitute an ambitious platform of reform. The Apra is to "Peruvianize Peru." The remnants of Spanish feudalism are to be destroyed; the great estates are to be expropriated and "returned to the people." The "stranglehold" of

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foreign or domestic capital on industry and trade is to be broken. Transportation, insurance, the extractive industries are to be "progressively nationalized." Concessions to privileged groups are to be annulled. Foreign capital, which wields so potent an influence on Peruvian economy, is to be "controlled."

Industrialization is to be speeded in order that Peru may cease to be a "market exploited by the foreigner." The "onerous burden of loans" is to be "relieved" through the "negotiation of more favorable terms" and the "purging" of the debt. The State is to foster irrigation works for the great Andean plateaus, is to study the agricultural possibilities of the arid slopes once tilled by the Incas. New government departments—Ministries of Labor and Industry, of Agriculture, Mining and Public Works, of Education, of Hygíene and Social Welfare—are to be created as the chief agencies for the realization of the Aprista ideals. In addition, the fiscal system of Peru is to be "completely reformed" so that the tax burden will be shifted to the groups able to bear it.

Government is to be decentralized to provide suitable administration for the various "economic zones" of the country, for the Apristas know how deeply rooted is local sentiment in Peru. Upon this policy, which the Apra calls "economic regionalism," will be erected a "political regionalism," permitting the growth of sections that range from the sweltering tropical forests of the upper Amazon through the fertile valleys of the temperate zone to the frigid mountain slopes. Yet the system will have to be knit together in a way that will maintain local autonomy "without losing the harmonious cohesion of the regions with the central State." Thus the map of Peru will be redrawn, and "the political divisions of the republic's territory will be made with a criterion fundamentally economic."

The country's large Indian population, much of it illiterate, superstitious, and appallingly primitive, is to be "incorporated into the life of the nation." The exploited Indian will no longer be a stranger in the land that once was his. He is to be a co-leader. "From our mountains will descend a new voice," cries Victor Raul Haya de la Torre, the founder of the Apra. "Did not Zarathustra come also from the hills?" Native arts and industries and cooperative agrarian enterprises are to be fostered by the State. The Indian is to be educated in his own tongue and in Spanish. While rehabilitation proceeds within these two cultural areas—the native and the Spanish—efforts will be made to hasten the development of the Indo-European civilization that eventually will prevail.

Finally, there is to be a comprehensive program covering labor, social legislation, education, and the promotion and establishment of equal political and civil rights for women. Many of the Apra leaders, it should not be overlooked, are women.

With these proposals the Apra appeals for support to the peasants, the intellectuals, the Indians, the middle classes and the workers of Peru. This is the "new deal" offered them. "Only the Apra can save Peru!" is the slogan.

It is not the specific items in the Apra program that are held to warrant this slogan. It is its orientation. In the first place, social reconstruction is to be effected in "strict accordance with the requirements of the Peruvian scene," unswayed by popular theories from abroad. "We are not to fit realities to books but books to realities," says Haya de la Torre. "Realities," he adds, "are not to be in-

vented; they are to be discovered." Consequently, the Apra will mobilize technicians, experts, statistics and economic surveys to "discover" these realities, and "once we know what we are, what we have, what we need, what we can have, not by arbitrary and empirical concepts but on the basis of eloquent reality and indisputable figures," then, say the Apristas, "we will begin the definite organization of the State, knowing where we are going and what is to be the economic backing of our political promises."

The Apra also works through the concept of the State as an economic entity. "The Aprista movement," according to Haya de la Torre, "is a movement fundamentally directed at obtaining equilibrium for the economic organization of the country. We Apristas sponsor a new type of State, based on the citizen conceived as a qualitative not a quantitative entity. That is why our State will tend to be a State based on the participation of all those who in one form or another contribute with labor, that is, contribute to the national wealth. We seek a State where every man participates without abandoning his vital function of laborer. We desire a State where the technician and the expert direct State activities, in order to be able scientifically to steer a new course that will solve our great problems. We are attempting to organize a technical State. We are trying to approach a functional democracy. This is the fundamental principle of Aprism in so far as the organization of the State is concerned."

Thirdly, the Apra always is to work for the oppressed and downtrodden. As one of its leaders declares, it "represents an alliance of three oppressed classes, the peasant, the proletarian and the middle classes." The new State will not be classless in the Marxist sense. It is not to be the dictatorship of the proletariat. It is to "save" the middle class under the leadership of the intellectual. "Aprism is the indestructible alliance between student and laborer, the savior of the middle class."

Finally, the Apra believes in democracy. The Apristas have skirted communism, capitalism, fascism. They have looked behind the scaffolding of the Totalitarian and Corporate States. But they shake their heads; for the present they are loyal to democracy. Aprism, Haya de la Torre insists, "is not the verbal democracy of old that spawned so many tyrannies. It is authentic democracy, formed by the people, defending the people. We are political action aimed at restoring the dominion of the State to the majority. We are a political organization that represents the interests of the classes that today are outside the State."

Economic security with freedom is the ideal. The Apra believes in an economic but democratic State of "the masses," smooth-running, efficient, progressive, "guaranteeing the life, health, moral and material well-being, the education, the freedom and the economic emancipation of the working classes, seeking to abolish as circumstances permit the exploitation of man by man."

Student unrest gave birth to the Apra. Strikes of students in Argentina in 1918 started a movement for university reform that spread quickly over the continent. Demands were made for the "autonomous university," democratically self-governed, liberal and progressive. But these aspirations widened as the student forces grew. Since the principal universities in Latin America are State-owned, criticism was soon diverted from college officials to the govern-

ments whose servants they are. The students found that the shortcomings of their educational institutions reflected more virulent ills corroding the body politic. "While the present social régime persists," they announced, "university reform will not touch the recondite roots of the problem."

Peru was touchwood for the sparks of revolt swirling across the continent. The University of San Marcos, one of the oldest on the continent, had clung fondly to the traditions of centuries. Lima, the City of Kings, once proud ruler of most of South America, nurtured strongly the autocratic tradition in government. Peonage, a large Indian population, widespread illiteracy and misery provided ample fuel to fire the soul of the youthful reformer. As a part of a small literate population, the student found himself with unusual influence. He belonged to a homogeneous, well-knit, semi-organized, class-conscious entity.

In the nineteenth century Peru produced an extraordinary figure in the person of the iconoclast, Gonzalez Prada. Prada lashed the old order unmercifully. He called on Peru to "open her eyes" because "the century advances with gigantic steps," and "there is much ruin to rebuild." He fulminated against dictators and the "mirage of military victories." "Intelligence," he cried, "does not have to abdicate to force"; the time had come for the intellectuals to take a hand in government. Politicians, for Prada, had no other program than "to transform the people into droves of cringing slaves, their knees on the ground and their mouths in the grass." He thundered the challenge that was to become the rallying cry of the student of our age: "Youth to work! Old men to the tomb!"

On this fertile soil fell seeds from the four quarters of the globe, and the Apra was born. Internationalism and democracy, idealistically conceived, came from the land of the apostolic Wilson. From the United States also came the provocation for the campaign against "imperialism" and the resultant sentimental association of the Apra with "all oppressed peoples" of the world. The ideas of Marx were imported from Soviet Russia. And cultural nationalism had its origin in Mexico. All these impulses shaped the Apra, with its five vague and impracticable aims: The fight against Yankee imperialism, the political unity of Latin America, the nationalization of land and industry, the internationalization of the Panama Canal, the solidarity of all the oppressed peoples and classes of the world.

For almost a decade the Apra adhered to this emotional creed. Anti-imperialism was popular in a period when American marines were prodding Haiti and Nicaragua and "Bolshevist" Mexico was being impudent to her strong neighbor. So important was this anti-imperialism that the Apra was frequently referred to as "The Latin-American Anti-Imperialistic Revolutionary Party." The United States, indeed, by blundering around the Caribbean, played the rôle of midwife to an unwanted baby.

Prosperity and good-will speeches, however, weakened anti-imperialist sentiments. The Apra movement paled and wavered. But with the 1929 collapse, students were in arms again. They rose against Ibañez of Chile, Siles of Bolivia, Ayora of Ecuador, Machado of Cuba. Their age-old foe, Leguia of Peru, finally fell. The Peruvian Apristas, long in exile, swarmed back to their native land.

Almost overnight a new program to meet the Peruvian political situation was drafted. Haya de la Torre, the

Apra candidate for the Peruvian Presidency, made an impressive display of strength in the 1931 Presidential election against Sanchez Cerro, the stocky ruthless army officer who had ousted Leguia. Sanchez Cerro went to the Presidency, Haya de la Torre to jail. An Aprista revolt at Trujillo was suppressed and the Apristas were mowed down with machine guns. But martyrdom only strengthened the Apra.

The late José Carlos Mariátegui, a Peruvian and the keenest of South American Marxists, has given the Apra a philosophy on which to build. He refashioned the tirades of his master, Gonzalez Prada, into Marxian analyses of Peruvian society. The Apristas, inspired by Mariátegui, declare that Lenin, or Marx for that matter, would not have approved the transfer of the Russian program to Peru. Peru's problems are not Russia's and the Communists therefore err in trying to import a foreign program. The "ideological imperialism of Moscow" must be fought like the "imperialism of the White House in Washington."

Thus the Apristas face Peruvian "realities." They, like Marx, discard the traditional political parties based on nineteenth-century liberalism. Venality and corruption, militarism, fanatical clericalism, dictators and boot-licking politicians, living off a large population of docile Indians and foreign gold, long ago made the traditional political institutions abhorrent to Peruvian youth.

The Apristas watched labor emerge, tested it, found it still too weak, too untutored to serve as a tool for the creation of a new society. So they decided that new weapons had to be forged. Economic processes could no longer be an incidental concern of politics. The new force, therefore, was to be grounded on national "economic realities" and was to smash the old order by swinging labor from communism and other foreign "isms" into an alliance with the students, intellectuals and middle classes. In other words, the Marxist social analysis is utilizing the group abhorred by Marx—the petite bourgeoisie—as a pivot to achieve its semi-Marxist aims.

That the capitalist system cannot be immediately overthrown is fully recognized by the Apristas. Local sentiment is not ready, foreign pressure is too strong. The foreign capitalist, says Haya de la Torre, is not to be "destroyed" because "within the predominant economic system of the world he fulfills an historical mission." The Aprista State is to secure "an equilibrium between the national and foreign systems, effected by scientific control based on previous study of the true needs of the country." This, however, is but a phase of transition. The three "oppressed" classes are to form an alliance which, according to Manuel Seoane, one of Haya de la Torre's lieutenants, "will initiate State control over foreign and domestic economy, to build, on this double action, the pillars of a State capitalism that will serve as a bridge to the socialism of the future."

The anti-clerical and anti-militaristic outbursts in which the Apristas indulged a decade ago have given way to more moderate policies. They are no longer hostile to the church; instead they seek to win its neutrality if not its sympathy. Their concern with the church is now professed to be "purely an economic one." Separation of church and State is to "assure the independence of the church." With its tenets, dogmas or beliefs they are unconcerned, for they "proclaim the liberty of conscience." Indeed, so clear-cut is this division of labor to be that "in front of every church they will erect a school." Like-

wise, the Apra has sought to win over the army and navy, for the support of these forces is needed.

Above all, the Apra is nationalistic. The "Peruvianization" of Peru is the cornerstone of its philosophy. Today this must be essentially an economic process. Consequently, economic nationalism, State capitalism, economic determinism, aside from offering possible routes in the quest for economic security, are welcomed because they are avenues leading to nationalization.

This nationalism was probably inevitable. Behind the Apra and the student movements that brought it into being are such men as Ugarte, Rodó and Gonzalez Prada, who at the turn of the century were prophets of a new gospel of salvation—America for Americans. National self-consciousness, stimulated from time to time by "Yankee imperialism," caused the Latin-American States to feel they must become mature. Political independence was won a century ago; now cultural and economic independence must be achieved. "Ideologically," say the Apristas, "Latin America is a semi-colony. From the United States to Soviet Russia, groups struggle for an intellectual monopoly over us, for our social future. We must proclaim our ideological autonomy as well as our economic independence." Under a veneer of European culture, the present generations are groping for something genuine, genuine because it will be rooted in local conditions and traditions. "The failure of two European importations—the Conquest and the Republic," declares Haya de la Torre, "gives us our great historical lesson. We must seek ourselves."

Thus is the Apra impelled to foster economic and cultural nationalism, and to wander along the paths of economic determinism in search of economic security. What the Apristas are trying to evolve is what Latin-American youth everywhere has been toying with—liquidation of the feudal past, democracy to end the curse of dictators, socialism to ameliorate the misery of the masses, and a sort of Fascist nationalism to block foreign economic penetration and protect their own incipient capitalists and industrialists.

Other Latin-American States may evolve solutions of their own, or they may simply "Americanize" the blueprints drafted in Russia, in Italy, or in Germany. But the Apristas hope youth will adopt Aprism. They are working to this end. And the prospect is not entirely utopian, for the Apristas, after all, come from the student class, and Latin-American students are united by strong bonds. Today the old international organization of the Apra is being reshaped. From Cuba to Argentina, wherever Latin-American students are in revolt against the old order, Aprism is taking root.

On the white-washed wall of a yard in Trujillo, a wall indented by bullet marks and splashed by the blood of Apristas, there was to be seen painted in bold letters the day after the executions following the Aprista revolt in that city, the words, "Only the Apra can save us!" The Apra is irrepressible, even in the face of the firing squad.

Warfare in Red China

By STUART LILLICO*

MOST of the comic-opera tactics that characterized Chinese warfare a few years ago still continue. The Fukien rebellion was reputedly put down by a bribe rather than by force of arms. The Sun-Ma war in Ninghsia Province of Inner Mongolia for months alternated between schoolboy arguments over the telegraph to Nanking and surprise attacks on "mediating" armies. Umbrellas and "big swords" are equally conspicuous in the equipment of a soldier, and the men can never be sure in the morning on which side of the battlefield they will be fighting by sunset.

In at least one of China's numerous fighting areas, however, such methods are definitely discouraged and the result has been a new kind of civil war for China. In Kiangsi Province the government troops are at present engaged in a tremendous drive against the Communist régime, the third and largest drive in nearly seven years. Except when relieved by an occasional irrepressible Chinese touch, the fighters are doing their work in a way that would be a credit to many a better equipped and better trained modern foreign army.

There are at present seven notable Communist areas in China, the two most important being on the Fukien-Kiangsi border and in eastern Szechwan. All seven zones have in common the fact that they straddle provincial boundaries. Because the so-called Chinese army is really only a collection of private forces which can not or will not operate outside their own territory, and further because the separate units work together badly, the Communists find their best field along the provincial borders.

The single exception to this rule is in the Kiangsi-Fukien sector, where a truly National Army has been organized for the suppression of Reds. In this one area the Nanking Government is making progress in overcoming the menace of bolshevism.

Foreign equipment and foreign advisers have played a large part in whipping this unwieldy Chinese National Army into an efficient fighting machine. Generalissimo Chiang Kai-shek has brought in German military advisers, who have in the past three years been able to instill some idea of discipline into the men, as well as give them special technical instruction.

Especially noteworthy is the use being made by Chiang of foreign weapons, particularly American airplanes. In this department Nanking has built up what is undeniably its greatest strength. The planes were used with telling effect in subduing the Fukien revolt last Winter and previously were important in bringing Generals Yen Hsi-shan and Feng Yu-hsiang to terms in the Northwest a few years ago. At the moment airplanes are playing a major part in driving communism from Central China.

Practically all the planes in Kiangsi are of American manufacture. At the airdrome in Nancheng, which is used

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as the base of operations in this campaign, twelve light bombers are stationed. Nanchang, further to the rear, has about twenty, and at Hangchow, near Shanghai, seventy more are reported ready for action as soon as pilots are available. Each light plane carries ten bombs in racks under the wings and has a machine gun mounted at the back of the observer's cockpit.

Reliable foreign sources in Shanghai give the following figures on Nanking's aerial strength as of July 1, 1934:

	In Action	On Order
American—		
Curtiss Hawks	25	..
Douglas	30	12
Fleet	75	30
Corsairs	43	30
Northrups	.	22
Foreign—		
Junkers (German)	4	.
Fiat (Italian)	12	..
Miscellaneous	10	..
Total	199	94

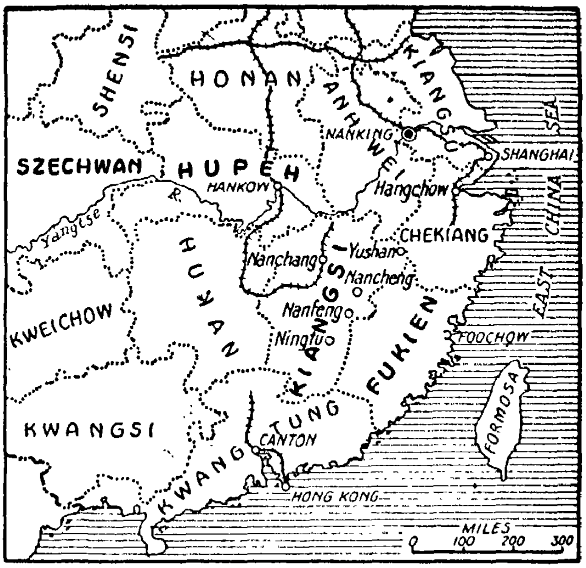
Pilots are being trained by American instructors at the government aviation school in Hangchow and usually are sent to the front immediately on graduation. That the cadets make good flyers is attested by foreign military advisers and observers. Flying seems to be dramatic enough to appeal to the Chinese, and they have responded with great gusto. Some typical Chinese tricks have been reported, as the pilot who "baled out" of his stalled ship, only to get his parachute tangled in the tail. After a dizzy descent in the wake of the spinning plane, the man ended up dangling from the branches of a tree, his only injuries being a few scratches. Another made an emergency landing in a rice field, doing a "ground loop" in the process. For nearly half a day he was suspended head down from the cockpit, held in place by his safety strap, his head about two inches from the mud.

Chinese leaders admit that the actual material damage done to the Communist cause by airplanes is incidental in comparison with the way in which morale is shattered. Especially when the infantry has once started the Communists "on the run," airplanes have been singularly effective in keeping them moving. The planes have literally become the backbone of the anti-Communist drive, and it is largely through their support that the army is able to make such headway. Not only are bodies of enemy troops harried with bomb and machine gun, but they are prevented from erecting any sort of fortification, without which they are at a serious disadvantage. Likewise, the planes have done effective work in locating and reporting to headquarters the location of bodies of troops, both Communist and government.

During a recent visit to Nanfeng, just behind the firing line, the writer heard repeated stories of the effectiveness of this newest form of warfare. Communist sympathizers, for instance, had gathered a quantity of rice for use by the troops and had stored it in a small village in the hills. When the Nationalist headquarters heard about it they sent two bombers to the scene, completely destroying the house, scattering the rice, and—what was told with the greatest zest—killing all the occupants.

I had the opportunity of spending three weeks in Kiangsi, including a week in the actual fighting area, and the increased all-around efficiency shown by the government troops was remarkable. Gone were most of the old looting, the impressing of farmers and laborers whenever needed, and the other barbarities which have come to characterize Chinese armies. I found the men reasonably well drilled and looking neater than I had ever seen Chinese soldiers before.

Their marksmanship—on the practice range, at least — was better, and there was little loitering around the city. When soldiers bought food from the townspeople, the regular price was paid. To any one acquainted with the usual Chinese army, such statements are well-nigh incredible.



Kiangsi and Neighboring Provinces

It is a distinct innovation for the individual soldiers to pay for what they buy along the line of march. Householders near the roads now bring out noodles, candy, peanuts and cigarettes to sell to the men. Formerly, and even now in any other part of China, such an act would be madness, as the soldiers would most probably walk off with the whole stock without paying. The seller could consider himself lucky if he were not impressed to carry his own goods. That both of these practices have been largely suppressed in Kiangsi is demonstrated by the sight of farmers working in the fields and women selling food along the road where a new division of 20,000 men is passing. By no means is it suggested that this is true all over China. Quite the contrary. It is so unusual that any description of the anti-Communist campaign in Kiangsi would be incomplete without it.

Equally amazing has been the way this army has taken hold of modern mechanical means of waging war. Motor trucks, Browning and Lewis machine guns, trench mortars, scouting and bombing planes, field telephones, mountain guns, radios and ambulances have been taken right in stride. More important still is the effective way they are being used.

In Nanfeng, a city of 50,000 not far from the Fukien border, I found myself literally "behind the front." The fighting was only five miles away and from the porch of the Catholic mission we could see the airplanes circling to drop their bombs. The bursting of the bombs and the rattle of machine guns were distinctly audible, so audible as actually to disturb our sleep at night. Yet the townspeople, who usually stampede at the first sign of war, were going about their business with only the slightest regard for the fighting. Such an attitude could be nothing but a reflection of confidence in the Nationalist Army.

Five days previously the battle had started well to the northeast of Nanfeng, and since that time Communists had been pushed back twenty miles. Before I left, two days later, they had retreated still further and the fighting was going on in the heavy underbrush of a mountain in the neighborhood.

The Nanking troops do not always win, and recent news of important re-

verses in Western Fukien has been received, but on the whole these have turned out to be only temporary. The fact remains that Chiang's men are definitely on the up-grade and are doing what no Nationalist Army has been able to do in six years—beat the Reds consistently.

The personal equipment of the Nanking soldiers is quite ordinary. The men carry regular breech-loading rifles similar to the American "Springfield Model," varied by an occasional short-barreled, air-cooled automatic. All the men supplement the gun with a bayonet and most of them also carry one of the "big swords" that sprang into fame in the Jehol campaign. Group equipment includes Browning machine guns, trench mortars for driving out enemy machine guns and small mobile three-inch guns that have been singularly effective in battering down mud and stone forts.

A picturesque touch is added to the soldier's outfit by an occasional set of hand grenades hanging around the man's neck. Some are of the old German "potato-masher" type, apparently home-made, while others resemble slightly oversize lemons in size and shape and look like those used by the American troops in the World War. The men carry the bombs around with them wherever they go, through the streets, on trucks and buses and while on sentry duty. Why accidental explosions are not everyday occurrences is inexplicable.

Uniforms are almost without exception made of cheap gray cotton cloth, in Winter supplemented underneath by heavy knitted underwear and on top by a long quilted coat. A few detachments have steel helmets, but the great majority of the men wear cloth caps with visor and earflaps attached. Shoes, where they exist, are mainly rubber "sneakers," usually worn without stockings. A common sight is to see the men shuffling along the road with the backs of the shoes turned down, so that they are worn like slippers.

The Red soldiers in the past have been relatively well equipped, but indications are now that supplies are becoming scarce. It was common up to a year ago to have whole divisions of Nanking troops surrender to half as many Communists. Except in the case of the Sixteenth Division, which late last year was entirely disarmed in a Communist surprise attack in Hupeh, this source of supply has largely been closed of late. Since the Communists are not in control of any port they cannot import arms and ammunition directly. Their sources of supply have been estimated by a recent Chinese writer, T'ang Leang-li, as follows: "So far as one can judge, 30 per cent of their arms was supplied to them by the government detachments which joined the Communist ranks in 1927 and by bandits incorporated into the Red armies, 25 per cent was purchased in foreign concessions in China, 20 per cent represents confiscations and requisitions, 10 per cent is of local manufacture and 15 per cent comes from various other sources."

Most of the Communist troops originally came from the government ranks. The leaders were Communists with Chiang Kai-shek in his Moscow-inspired march north from Canton in 1926. When Chiang turned away from communism, these leaders rebelled and set up their own Communist State in Kiangsi. For some time they were "just another group of bandits," but when they began to win imposing victories they were recognized as a serious threat. Two previous drives have been made against them, both ending in complete failure.

Chiang, besides his use of mechanical means of waging war, has changed his methods along several other lines. Instead of sending sweeping drives into Communist territory, where as often as not his troops were surrounded and disarmed, he now has his men going about the work slowly and more thoroughly. After a few miles of advance, the fighting is stopped while roads are built and forts erected. Then, when the bodies of troops have been consolidated and communications perfected, another advance is ordered. This program has been followed for nearly a year now and has resulted in the only victories for the Nanking forces in five years.

The necessity for having the soldiers lay aside their arms and build roads can hardly be realized unless an actual bit of Central China countryside is seen. It is not correct to say that existing roads are inadequate—there simply are no roads. Travel is limited to narrow foot paths, which wind around the borders of rice fields and are usually so narrow that two bicycles cannot pass. The main carrier routes from north to south are merely widened trails, paved with stone slabs and more nearly resembling a "stepping-stone" path through an American garden than a highway. Over these three-foot trails through the country, every bit of material for waging war formerly had to be carried by coolies.

By opening up roads as soon as the Communists have been driven out, the Nationalist troops have eliminated most of the difficulties formerly encountered in obtaining supplies. Fleets of American motor trucks have replaced the coolies, and the time consumed in traveling from Nanchang to Nanfeng has been reduced from two weeks to one day.

Much more important in the long run and largely excusing the general confiscation of land for road building is the effect of the better transportation facilities on the local Chinese themselves. Nanfeng is a case in point. The district is famous for its oranges. During the Manchu dynasty the fruit formed part of the province's tribute to the Emperor in Peking, but the region was so inaccessible that largė quantities could not be sold in the profitable markets of Shanghai, Hankow and Peking in competition with those from Chungkiang, which could be reached by steamer. Now, with a well-surfaced motor road to Nanchang and another to Yushan, where it connects with the railway to Shanghai, Nanfeng stands to gain many times over.

The mere fact that means of transportation are now available will have a tremendous unifying effect on the people of the war-torn sector. Buses are already plying daily over most of the new roads, and the writer can testify from personal experience that they are popular. Every one is packed far beyond capacity, with latecomers left behind.

Erecting small blockhouses and forts as the troops advance has proved of great value. The Chinese soldier fights much better from behind a wall than in any other position. Consequently, with numerous fortifications there is now much less likelihood of the Communists taking back ground they have lost. All through the anti-Communist areas of Kiangsi and adjoining Provinces these stone structures dot the hills and guard the roads. Incidentally, almost every temple and vacant house in the fighting area has been pulled down to provide stone for these "pillboxes."

Chiang and his Nanking government have realized that Kiangsi must be handled carefully. The Communist

régime has in some sections been a definite boon to the people, despite Nanking's pronouncements to the contrary. In others it has been, at least, no worse than the former military rule. In either case Chiang has seen that he must have a real program of rehabilitation to offer. Consequently, until this can be put into effect as little as possible is being done to antagonize the people. Indeed, in Lichwan, on the Fukien border, the residents were almost pampered by the military in an effort to win their hearty support for Nanking.

In place of the army's practice of seizing men wherever they could be found when recruits or coolies were needed, a genuine effort has been made to go about the business regularly. One way has been to employ whole gangs of outsiders, give them the semblance of a uniform, pay them as often as possible, and set them to work hauling war materials. They are supposedly prevented from preying on the local inhabitants. In actual practice this often breaks down, but the general effect has been good.

In preparation for the day when the whole of Kiangsi will at least nominally be once more under Nanking's control ambitious plans are being made for a rehabilitation program of concrete value. The government has not yet seen fit to release any definite information, but, from indications, the customary money-lending and marketing cooperative societies will be organized to start with. Later the program may include schools, public-health work and occupational training.

What makes the program particularly interesting is that for the first time a large section of country is to be placed under the control of Christian organizations for rehabilitation. Under the leadership of the Chinese National Christian Council, several of the missions have made a loan of men, both Chinese and "foreign," to insure the success of the project. So far it is still in the blueprint stage, though enough progress has already been made to warrant sending a man into the field to find a definite site for the work.

This project has been undertaken at the direct request of General and Mme. Chiang Kai-shek. Funds are being provided by the Chiangs personally, by public donations and by the mission societies in the form of workers' salaries. Several other organizations will probably be experimenting in Kiangsi at the same time, notably the China International Famine Relief Commission and the Chinese National Association of the Mass Education Movement.

Rumors of the government's rehabilitation program, or "reconstruction" as it is usually called by the Chinese, caused one foreign worker in the Kiangsi field to remark: "If these Communists do not accomplish anything else, they can always point to the fact that they forced the Chinese Government to do something for the common people."

Although General Chiang is now living in Nanchang, within reasonable distance of the fighting, direct command of the Third Route Army in its campaign against the Reds is vested in General Chen Cheng. He has under him nine divisions of 10,000 men each, including two divisions recently brought up from lately "pacified" areas. The Communist capital at Ningtu is expected to fall before Autumn, according to word from Nanchang. To a large extent effective Communist control in Eastern China is already limited to the southeastern quarter of Kiangsi and western Fukien, though scattered "armies" are

constantly harassing widely separated districts in other parts of the country. Following Canton's agreement to collaborate in their suppression, a simultaneous push against the Reds was recently launched from the south. However, the results so far have not been breath-taking.

Opposing Chen in the Kiangsi-Fukien area are five "Red Armies," totaling something over 50,000 men and reputedly enjoying the services of an excellent military adviser, a former German military officer. The Communists have shown remarkable tactical ability in the past, and it is now only through superior strength and more money that the Nanking troops are getting the upper hand. Describing the Red Army organization, T'ang Leang-li declares:

"The Red Army in China is not organized strictly in accordance with Communist principles. It is not, like the troops of the Soviet Union, an army of the proletariat, drawn from among the classes which it desires to set free, organize and protect. Its nucleus consists of former government troops and those associated with them. Detachments with extremist tendencies rallied under the red flag in groups, together with their commanders, after the Kuomintang and the Nationalist Government had proscribed the Communist party. (The Kuomintang gained power as the result of a Moscow-inspired march north from Canton in 1926-27. After Chiang rose to power he turned away from Communism.) The leaders may have definite revolutionary ideas but the mass of the troops under them have vague impressions rather than strong convictions. The majority of the soldiers under Ho Lung and Chu Teh (outstanding Red generals) on the whole have displayed good discipline. With them are a number of ex-bandits, attracted by the prospect of comparatively regular pay and of plunder after successful expeditions. Then there are recruits from among the peasants who have been ruined by civil war, drought or flood. Lastly come those who are recruited on the spot, who, one can be quite certain, do not enter the Red ranks out of any sympathy with or understanding of the principles of communism, but are pressed into service."

From all indications, the Communist régime in Kiangsi is definitely on the wane. Some time before the end of the year—Chiang says in three months—the whole matter will doubtlessly be settled. Foreign observers express the belief that the Reds will, at a propitious moment, make a dash westward to Szechwan to join the Communist armies under Ho Lung fighting for control there. Such an outcome would leave the Nationalist troops with the necessity of cleaning up in Kiangsi while the Reds entrenched themselves in the mountains of the West. To stop any such break for liberty battle lines are being drawn up in Hunan, between Kiangsi and Szechwan.

Dimmed Hopes in New Zealand

By MARC T. GREENE*

FOR half a century New Zealand has described itself as "The Brighter Britain of the South." But to colonists from "Home," as New Zealanders still call the mother country, much more than sunshine has been held out as an inducement. New Zealand has offered settlers at low cost broad acres of the most fertile soil in the temperate zones, with a ready market for the produce. And beyond and above all that it has promised a wider freedom, both political and spiritual, together with an assurance of physical well-being such as a highly productive and sparsely populated country should provide.

Situated about 1,200 miles east of Australia, New Zealand is a separate self-governing Dominion. If you would offend a New Zealander you have only to mistake him for an Australian. About five-sixths as large as the British Isles, New Zealand has an area of 103,722 square miles, but a population of only 1,500,000. Its climate generally is mild, and its social life without formality or restrictive convention. It is still a little Victorian in its love of respectability, but not aggressively so, and though in the pioneer stage intellectually as well as physically, it is broadly tolerant.

The early colonists, many of whom had to carry on a life-and-death struggle with the Polynesian Maoris, original possessors of the soil, had abandoned Britain for the other end of the world largely in quest of freedom. This was especially true of the Scots, who settled mostly in a cold, rugged and hilly district very much like their own highlands. Many of them were adventurers; all were impatient of restriction, physical or spiritual. Scots and Welsh in the south, English and Irish in the central district and the north, the settlers of New Zealand all came from the British Isles. There was no such dubious blend of soldiers of fortune and refugees from all parts of the world as was at about the same time peopling Australia.

The New Zealander has never been restive under the British Crown, and is today the most loyal of all the colonial subjects of the British sovereign. This is perhaps because his struggle with the soil, with the climate and with many other obstacles was less arduous than that of his brother adventurer in North America, perhaps because he arrived at a later date and was treated with more consideration by the mother country. At all events the freedom he sought and gained in the far south has never yet shaken his allegiance. England is "Home," and his greatest ambition is to make at least one pilgrimage there.

George Bernard Shaw on his recent visit to New Zealand frequently derided this loyalty to the mother country. His attitude was bitterly resented. "Home," in the New Zealander's psychology, has far more than a physical, or even a sentimental, significance. It connotes every exalted principle for

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which, in the English mind, Britain stands or ever has stood—principles to which, despite his fervid love of freedom and independence, the New Zealander yet adheres. And whatever social, economic or political experiments he may make, British conservatism always tempers his boldness.

Nevertheless, not so many years ago New Zealand was regarded as politically daring almost to the point of actual socialism. Government ownership of public services came earlier there than in the case of most other countries. Old-age pensions, child labor laws, liberal and advanced land ordinances, and above all compulsory arbitration of labor disputes attracted the attention of the world and gave New Zealand the reputation of having either a model government or a recklessly socialistic one—according to the point of view. The arbitration court was composed of representatives of the employers and the employes and a justice of the Supreme Court. From the outset it was attacked by employers on the ground that it favored labor in every dispute, and indeed the records show that twice as many cases were decided against the employers as for them.

But as New Zealand has grown, it has become increasingly conservative. The colonists of recent years have not been of the early adventurous sort, but more thoroughly English, more grounded in English tradition, more convinced of the impregnability of British conservatism. They have checked the trend toward socialism and substituted rather the standards and the habits of thought and action of "Home." It is from this class that most of the pilgrims to the mother country are drawn. They make their long-awaited trip, observe English ways, bask in the soft glow of English tradition and return convinced that the hope of New Zealand lies in closer spiritual union with England.

In consequence, so hedged about with restrictions is New Zealand's most daring experiment, the Arbitration Court, that it is no longer either daring or experimental. Conservatism is now the outstanding characteristic of most of New Zealand's leading legislators. With the coming of the economic crisis a coalition government was formed, a consolidation of parties led in the one case by a sturdy ultra-conservative Scots farmer, in the other by a typical British Tory representative of the business interests. This government has now been in power for four years and faces an election in 1935. "His Majesty's Opposition" in New Zealand is composed only of the Labor party, small if articulate, indifferently led and enjoying too little confidence generally to have any chance of gaining office. New Zealand has grown too conservative for that.

There is no sign of any tendency to discard parliamentary institutions. That should be emphasized. Shaw told New Zealanders that Parliaments were a failure, that Hitler was right when he said majorities were responsible to nobody and that the only way out was the concentration of power in the hands of some one strong man. But this advice left New Zealanders as cold as had the sneers about their sentimental devotion to "Home." True, no strong man has appeared on New Zealand's political horizon for a long time. But were he to arrive tomorrow and be as forcefully articulate as Mussolini or Hitler, he would not be received seriously.

Of all English-speaking peoples New Zealanders are perhaps the most forbearing, the most patient under tribulation, the most tolerant. Tolerance, indeed, is almost all that re-

mains of the freedom-loving spirit of the early colonists. While it is by no means the tolerance of spinelessness and indifference, it prevents the adoption of new and untried courses, the ending of admitted evils. Thus a great deal exists in New Zealand that ought not to exist because the voters have been content to leave everything to their conservative leaders. Especially is this true in the matter of the banks. Three or four large institutions now have much too great a share in the control of the nation's affairs and are responsible, for example, for the present 25 per cent difference in exchange between England and the Dominion, a high rate that has benefited few and harmed many.

New Zealand's patience has been especially tried during the past three or four years. Up to 1930 the standard of living had been kept at a high and almost constant level. The well-being of the country was very largely bound up with the prosperity of the primary producers, dairymen, wool growers and meat packers, in that order of importance. But when times are bad people wear less wool and more cotton or other substitutes, use less fresh milk, eat less butter and more margarine. These facts have brought grief to New Zealand. A year ago you could have bought out half the sheep farmers of the Dominion had you offered them a dollar each for their animals. A year ago you could buy in the Auckland markets the highest grade of lamb and mutton chops for 10 cents a pound and even less, and beef likewise. You could have lived on the best of all kinds of meat cheaper than upon bread and cheese in most other countries.

Lack of markets for primary products thus started New Zealand's economic troubles nearly four years ago. Directly and indirectly it threw thousands out of work and reduced the spending capacity of everybody else. It sent many small business men into bankruptcy and more than halved the clientele of professional men. It reduced the general standard of living of three-quarters of the population. Above all it made the problem of the unemployed, whose number increased until it was recently over 75,000, a national problem, the coalition government's gravest concern and the greatest menace to the country's long-preserved economic stability.

Demand for a dole was resisted. As an alternative an elaborate scheme of relief work was put into operation. This comprehended the building, extension and improvement of highways, the laying out of parks and playgrounds, railway additions and dock building, as well as housing projects, afforestation work and government subsidies to farmers to enable them to employ additional labor. The enormous cost of this was not easily sustained by a small population. It dipped deeply into the government's "emergency fund" and involved a good deal more as time went on. It forced an unemployment tax of 5 per cent on all wages and salaries however small, and finally led to a much-resented 10 per cent sales tax. This, of course, only completed a vicious circle, reducing purchasing power and lowering the quality of goods. There have been also a reduction of old-age and other pensions paid by the State and an all-inclusive wage and salary cut of 10 per cent.

Relief schemes in New Zealand, as elsewhere, are open to objections on many grounds. In the first place they are usually unproductive. More than half of the men thus employed are uselessly shoveling dirt and blasting rocks on highways. And what is even worse, the remuneration is only a

trifle above the cost of mere food and shelter, consequently lowering the morale of men who once had good positions and who in some cases had been lawyers, doctors, dentists, accountants.

Yet the Dominion has thus far avoided the measure of depression that produces actual distress. The bread-line, the soup kitchen, the Salvation Army "hand-out," the food dole as in Australia, the support of the indigent by private organizations—all these are unknown in New Zealand. It is therefore not inaccurate to assert that here depression is only relative. Moreover, there is little or none of what is called "profiteering," little or no exploitation of producer or consumer by middlemen, and no "rings" or combines to restrain fair competition. On the other hand, the characteristic forbearance under duress of this branch of the British people is combined with a notable tendency to share one another's burdens in times of tribulation. Thus every one who has anything to sell readily cuts his profits to enable workers with decreased wages and salaries to buy.

For more than half a century New Zealand had been a prosperous and contented land, in very fact a "Brighter Britain." Few New Zealanders had ever known what it meant to be hungry or inadequately clothed. A degree of depression that would little disturb a European country was very upsetting here. Moreover, public moneys had been spent on railway terminals, war memorials and power stations with little regard to cost. Auckland possesses a war memorial museum that is comparable to anything of the kind anywhere. But it cost more than $7,000,000 and was completed at the very commencement of the depression. The same city built a new railway terminal at almost the same cost and placed it so far outside the business centre of the city that suburban traffic on the railways immediately fell off 50 per cent.

All this meant huge loans, most of them raised in England. The country's per capita debt is between $800 and $900, and borrowing from abroad is about at an end. Yet the banks have more than $70,000,000 in deposits in excess of advances, and a large and influential element is demanding the floating of internal loans in order to raise to a normal wage the remuneration of the thousands of relief workers. American experiments are being watched very closely in New Zealand, for they resemble the plan advocated for the Dominion by those who believe that the present official policy is largely responsible for current difficulties.

The younger generation has little patience with Victorian respectability in any of its manifestations and no patience at all with the ultra-conservatism that has resisted all social and political changes since the days of such pioneers as Sir George Grey and Richard Seddon. This generation, unlike the previous one, does not take as a compliment the assertion that New Zealand is the most Victorian of all the Dominions. It is restive under a public debt of £280,000,000, which apparently will not be immediately reduced, and resents the burden of several kinds of taxes and the spectacle of banks full of "frozen assets."

Moreover, the face of New Zealand society is slowly undergoing a change. Once the most thoroughly Anglo-Saxon of the British colonies, it is now assuming a cosmopolitan air as prolific Germans, Italians and Central Europeans trickle through the immigration stations. Then, too, there is a large group of Chinese who raise fruit and vegetables. They own more

than 500 retail shops throughout the country, and as many more laundries. Intermarriage of Chinese with Europeans is fairly common, despite the color prejudice.

More than 70,000 Maoris are also a problem. The greater portion of these are half or quarter castes, and have really no fixed place in the social structure. The race itself is practically denationalized, though its members have always been fairly well treated. Back-to-the-land schemes have been developed for them and until lately they have been exempt from all taxation. The process of denationalization, however, is in the circumstances inevitable, although it creates a serious problem as the half-caste, more or less educated, turns his back upon the old tribal ways without finding any welcome among the people of his—generally speaking- male parent.

Yet New Zealand, with 1,500,000 people scattered over an area as large as that of Japan proper, would seem unnecessarily encumbered with problems. Millions of rich acres at present unproductive can be purchased for $1.25 or $1.50 an acre. Experts declare that at an average annual expenditure of $25 an acre this land could be made worth from four to five times as much in a few years. Three acres of land so improved will furnish pasturage for two cows in full milk without other feeding. Few producing countries are so potentially rich as this; yet more than 100,000 men, women and children in New Zealand today are inadequately clothed and fed, even if not in real distress.

This is very far from the dreams of the sturdy pioneers who hoped to build in the far South Seas the world's model nation in which men and women from overcrowded and overburdened Britain might find a new and brighter land that would in all essentials still be Britain. Some of those pioneers are still alive, and the spectacle of today's woes and tribulations saddens them, especially as it is no fault of theirs. They built well, set the country upon a strong economic foundation and blazed social and political trails. But their descendants and the newcomers were like the sons who squander their father's hard-earned substance, deeming it exhaustless. Through the very sharpness of the contrast circumstances today bear down the more heavily and bring all the more discontent and unrest.

As might be expected, that discontent is now directed largely against the Coalition Government, which is accused of being unequal to the conditions, even of playing politics with them. In consequence the Coalition probably will not survive next year's elections, although merely a new alignment of substantially the same interests is practically certain to succeed it. Should the New Deal in America seem to have justified itself by the middle of 1935, it is certain to have a profound influence in New Zealand, even, perhaps, to the extent of producing a new political party there. This would be made up largely of the younger generation, impatient of political conservatism and social Victorianism, eager for a revival of the courage of the pioneers, restive under the almost complete control of the country by the banks and business interests. Such a party might well make New Zealand once more a "Brighter Britain of the South."

Dull Nights in the German Theatre

By THOMAS H. DICKINSON*

IN the Germany of pre-revolutionary days there was one institution that was always the pride not only of the German people but of the art lovers of the world. This was the German theatre. How has it fared under the Nazi dictatorship? What has been the attitude toward it? What are the prospects for the future?

The influence of Nazi principles on German art will supply subjects for speculation for some time to come. If the Nazis succeed in destroying German art, as they now seem to be on the way to doing, it will not be because they have failed to give thought to the subject. One of the most ambitious of Hitler's addresses, delivered while yet he was in the honeymoon stage of his dictatorship, on Sept. 1, 1933, was entitled "The Future Task of German Art." In this he developed the idea that it would be the duty of German art to spread throughout the world the philosophy of racialism.

But the new Lessing of the Nazi movement is Dr. Goebbels. He prides himself on being epigrammatic. When Furtwängler wrote to him: "I know only a single frontier, that which separates the good from the bad art. That is why it is necessary to say openly that men like Bruno Walter, Max Reinhardt, Klemperer and many others should continue to contribute to the artistic life of Germany," Goebbels replied: "I do not know the position of your single frontier. Art should not only be good, it should also be national and combative." Further examples of Goebbels's precision of thought concern the place of the new Chamber of Culture in German national life. "The Culture Chamber," he says, "must be a cultural élite." And again: "The Chamber of Culture is a mobilization of all the culture-creating men in the State, and when I say culture-creating I mean culture-producing and not culture-consuming men."

Of all the organizations in Germany the theatre was one of the easiest to take over and coordinate. This was for two reasons. The first was that the larger part of the German theatre was already official and supported by the State. The second reason was that the organization and management of the private theatre was such as to facilitate complete control by the government in power. Yet easy as it was to capture the German theatre, it was not so easy to retain what was captured. Indeed, the theatre developed a very treasonable faculty of slipping out of the hands of the dictator's agents and eluding all subsequent efforts to find it.

Early in 1933 about 150 theatres in Germany were receiving State and municipal subventions. Of them about 70 had opera ensembles. At the outset the government was primarily interested in ousting the Jews, putting the theatre into the hands of its own friends, and guarding against its being used for subversive propaganda. By the time the Nazi government had

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firm control in March the theatre season was drawing to a close. Little needed then to be done with the repertory. But personnel required prompt and radical attention. The housecleaning that ensued occurred under the provisions of the Civil Servants Act of April 7 providing for the Aryanization of the personnel in all branches of public works, and providing also for the expulsion of all those whose records did not guarantee loyalty to the new régime.

Probably the most important man immediately deprived of his position was Leopold Jessner, head of the State Theatres of Prussia, who during his thirteen years had been responsible for some of the most adventurous experiments in theatrical history. In addition, probably a hundred administrative officers including intendants, musical directors and conductors, play-readers and stage managers lost their posts. Among the most important musical directors to seek foreign parts were Bruno Walter and Fritz Busch. Some hundreds of actors and singers, mostly suspected of radical sympathies, were dismissed. Later a certain number of these dismissals were changed into transfers. Many of the new appointees, selected for political reasons, so promptly displayed their incapacity that it was easy for the government to change its mind.

In general the government used three methods in taking over the State theatres as agencies of the Nazi cause. It made radical overturns, sweeping the old order bag and baggage from the theatre, as in Berlin, Dresden, Heidelberg, Mannheim, Stuttgart and Weimar; or it transferred officials from one theatre to another in order to break up presumable political blocs; or it permitted directors and others who had not shown active political bias to remain, as in Munich, Augsburg, Hamburg, Leipzig and Nürnberg.

The seizure of the non-governmental theatres was perhaps even more easily accomplished than that of the State theatres. For two years the commercial theatres had been going through a crisis of reduced support and critical disfavor. Max Reinhardt's theatrical experiences had been particularly unfortunate. It did not take much more than a hint of a governmental decree against the Jews, added to the bad business from which the theatre had been suffering, to send large numbers of the leaders of the German commercial theatres to Prague, Vienna and Paris. In April the government had the shell of the German theatre in its hands.

The next step was to secure the substance. It is, of course, not very realistic to speak of the substance of such an art and business as that of the theatre, an art that depends entirely upon the evanescent and the elusive and that can never be coerced. This the government was to discover before it had gone much further with its experiment in running theatres to the greater glory of the Nazi cause. But at the beginning there were some features and organizations of the old theatre that looked very much as if they had substance in them. These the Nazi authorities proceeded to annex.

The first of these were the highly organized groups of the German theatre audiences, known as *Besucher* organizations, which were attached to both the public and the private theatres. As the government already controlled the public theatres, it proceeded to the absorption of the strong private audience groups. The first of these was the organized audience of the Volksbühne, numbering in 1932 more than 500,000 members, and served by theatres in all the chief

cities of Germany. The second was the organized audience of the Bühnenvolksbund, with about 300,000 members. Before the Nazi revolution these bodies had great political power, the Volksbühne tending to be radical, the Bühnenvolksbund conservative. There were also local audience groups as well as groups supporting regional Wanderbühne, or traveling companies. In taking over these organizations the government had indeed a substance out of which something could be made when it started its campaign for a 100 per cent Nazi theatre.

Not so with the second great group of organizations which the government now undertook to absorb. These were the half-dozen national organizations of the professional and technical men of the theatre, the artists, directors, actors, producers and theatre owners. Naturally, the government could capture the skeletons of these organizations. Not all their members fled, for many remained and gladly espoused the Nazi cause. But it happened that those who remained did not have quite the authority of those who disappeared. Imagine a German theatre without the following and you have a theatre pretty well emptied of content: Max Reinhardt, Leopold Jessner, Albert Bassermann, Ilse Bassermann, Elisabeth Bergner, Moissi, Piscator, Pirchan, Leonhard Frank, Bronnen, Brecht, Bruno Frank, Ludwig Fulda, Carl Sternheim, Ernst Toller, Paul Kornfeld, Alfred Neumann, Georg Kaiser, Fritz von Unruh, Alfred Kerr, Siegfried Jacobsohn, Herwarth Walden, Georg Hirschfeld, Hasenclever, George W. Pabst. After the government had taken over the organizations to which these men and women had belonged, it thus found them sadly deflated.

The Summer months of 1933 were months of indecision. Should the theatres open again or not? Two voices were raised in reply. On the one hand it was argued that the theatre of the Nineteen Twenties had been the voice of radicalism and immorality and should therefore be kept closed. It was also urged that theatrical performances should be moved outdoors into the hands of the unspoiled amateurs, that the entire personnel of the professional theatre should be scattered abroad, that all theatrical functions should be taken over by the people in their own festivals and ceremonials and that the revolution itself should be implemented by a new popular ritual cut off from the practices of the hated theatre. In this appeal the audience group of the Bühnenvolksbund joined.

On the other hand, a plea was made for the maintenance of the theatre and its utilization in the campaign for National Socialism. It was pointed out that the budgets of the State theatres had all been provided for and their repertories worked out, and that the closing of the theatres at this time would only add to the unemployment that the government was seeking to reduce.

The latter course was adopted. The theatre was given its place in the program of the National Socialist party, and a theatre section under a *Ministerialrat* (Councilor) was created in the Propaganda Ministry. Measures were taken to consolidate theatre administration in such a manner that everything that was done should conduce to the glory of the Nazi cause. The head of the Combat Union for German Culture, the agency of the party charged with the control of art activities in the Reich, wrote of the appointment of a *Reichsdramaturg* (dramatic director for the Reich) as follows: "Dr. Rainer Schlosser has been named *Reichsdramaturg.* It will

be his duty to select works which he holds to be in harmony with the German movement and to distribute these broadly on the stage. It does not appear that there will be a lack of such works." And the Nazi dramatic director of the Dresden State Theatres wrote: "The stage of the future seems to be assured if we only omit from the record the last fourteen years of theatrical history." Here then we have the specifications for the new German drama. It should be in harmony with the German movement, and it should completely cut itself off from everything that had occurred in the fourteen years since the end of the war.

It was in such a temper as this that the German theatres opened their doors for the season of 1933-34. These measures applied almost entirely to State-supported theatres, inasmuch as not more than one out of ten of the private theatres opened its doors until well into the new season. Everything produced on the stage was to be "within the frame" of the Nazi revolution. The State theatres, which were drawing down from the States and cities more than 50,000,000 marks a year in subsidies, must in return be compelled to render service to National Socialism. Have the theatres repaid National Socialism for what they cost? Have they helped the new political dogma to live or has this dogma destroyed the theatres?

In the effort to force the theatres to play their proper part in the revolution the government concentrated on two points. It sought first to transform the organized audience of the old theatre into a compact body representing Nazi principles, fed with Nazi fare. It employed the remaining membership of the Volksbühne and Bühnenvolksbund, 800,000 strong, as a nucleus of a new group of Nazi theatre-goers called the Deutsche Bühne. Though the membership of the two earlier groups fell off, the enrolment of the new organization within a year reached 500,000. These audiences are given hand-picked, politically innocuous performances at greatly reduced prices. Though the prices are reduced, these Deutsche Bühne performances help to support the State theatres which have suffered severely through loss of attendance. There have also been organized various Youth and Labor Front theatres, the performances of some of them being absolutely free to members of accredited groups.

But the purposes of the theatre were not satisfied by reorganizing the audiences. The theatre is an agency of social appeal and the National Socialist party is a political institution. The theatre must serve the party in the substance of its organization and in all the ideas that flow across the stage into the auditorium. Therefore the government set the hand of compulsion upon the internal management of the theatres. In many cases this was done by placing the State theatre under a functionary in good standing at the Nazi Brown House. The head of the Prussian State Theatres is the well-known musical and dramatic authority, General Hermann Goering. After establishing the proper man in charge, the government put into effect the "leadership principle" under which all authority filters down from a political chief intent only on political ends.

Everything in the German theatres since 1933 has been done according to these principles, and it is by them that the results are to be judged. The effects of a purely political management on the proud theatres of Germany within little more than a year are to be noted chiefly in the classical repertory, in the standards of new works

produced on the stages and in the quality and quantity of public response. As to standards of production, it is fair to say that with some exceptions, chiefly in Berlin, they seem to be keeping up, thanks to an artistic morale behind the curtain that the events of the last two years have not undermined.

But the rich repertory of the pre-Nazi German theatres, by all odds the most catholic in the world, has been cramped to fit into a restricted political pattern. All "liberal" playwrights and plays have been banished from the stage. Gone are many of the great plays which yesterday were the glory of the German theatres—the plays of Goethe, Hebbel, Kleist, Buchner, Hauptmann, Tolstoy and Chekhov, as well as the greater plays of Shakespeare and Ibsen. Paradoxically enough most great playwrights have composed some plays that belong on the lower shelf. Automatically these second-run plays belong in the Nazi "frame." Such are *The Merry Wives of Windsor, The Comedy of Errors* and *The Taming of the Shrew* of Shakespeare, and Ibsen's mean-spirited anti-democratic plays, *An Enemy of the People* and *The League of Youth.* The muddy and changeable genius of Schiller now dominates the German stage. Wagner's *Ring* is interpreted as Nazi doctrine; *The Flying Dutchman* is fleeing an egotistic world. The limitations upon the repertories of the past has resulted in a lowering of standards of drama and opera. While Buchner and Hebbel are discarded, Charlotte Birch-Pfeiffer and Mosenthal rise from the dead.

It is not only in drama that a decline has taken place in repertory standards. In the great German temples of music operettas are being substituted for operas. While in December, 1928, 300 performances of operettas were given on fifty stages in Germany, in December, 1933, more than 800 such performances were given. Old operettas not seen on the stages for fifty years are being taken from the files, dusted and refurbished for modern production. In addition to works by Johann Strauss, Fall and Lehar, forgotten works by Friedrich von Flotow and Siegfried Scheffler and unknown Rossinis and reworkings of Bizet are coming again to the stage. Wagner is losing his place at the head of the repertory to such pieces as *Vogelhändler, Zigeunerbaron, Fledermaus* and *Im Weissen Rossl.* Either musical composition has dried up in Germany or the great theatres are refusing to produce new pieces. In the season of 1927-28 sixty new operas were produced on the stages of Germany; in that of 1933-34 only eight new operas were produced.

The reduction of standards in the classical repertory is more than matched by the decline in quality of new works. Much could be written on the types of plays prescribed by the new tastes of the political masters of Germany but little light would thereby be thrown on the nature of art. The collapse in standards of new plays is entirely the result of the attempt on the part of playwrights to write to order.

Three themes recur continually—the theme of leadership, the theme of sacrifice, and the bucolic theme. I have seen a score of plays on both the leadership and the sacrifice theme without seeing one that illuminates the spiritual qualities or employs the dramatic resources of the theme. As to the peasant plays, they are both absurd and vulgar, and one sincerely hopes that they misrepresent their originals. Here and there plays of originality or force are seen. Such are the delightful comedy *In the Euro-*

pean Heavens, pleading for comradeship among the aviators while the earthbound are tied to prejudice and war; the Bavarian comedy, *The Whitsuntide Organ;* and Kurt Eggers's *Mystery of Job the German*, which redeemed a chauvinistic theme by originality and sincerity of treatment.

The great majority of the new plays, however, can be characterized in the words of a courageous dramatic director: "The great current of dramatic creation runs in a path that adapts itself too much to the present situation. Each day brings new dramas, Frederick the Great, Luther, Kleist, Horst Wessel, the Unknown Storm Trooper. These are the heroes held to be representative today." And he issues a warning against readiness to accept a quick contemporaneity. And the director of the Hamburg Theatre deplores false romanticism. Spoken by men in authority in Germany today these are indeed courageous words.

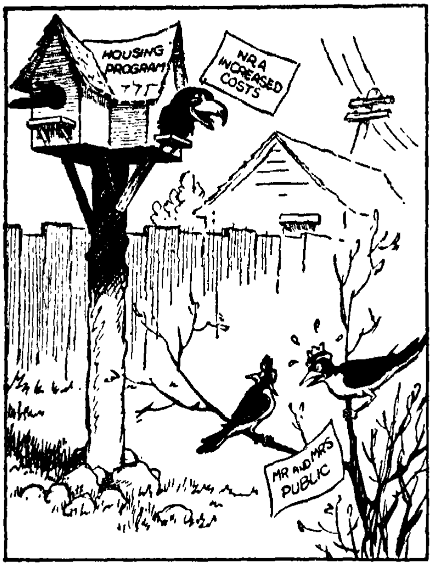
Given the complete transformation of the German stage into an agency of a political program the reaction in the auditorium is not surprising to one who understands the theatre, however disappointing it may be to the politicians who are controlling the German theatre at the moment. Since the beginnings of Nazi domination the German audience has suffered both in numbers and in spirit. The suppressed excitement that used to crackle like electric sparks has changed to the cowed depression of an audience today.

The loss in numbers can be presented factually. There were evenings in the season of 1933-34 when the Schauspielhaus on the Gendarmenmarkt in Berlin, a theatre that spends 3,000,000 marks a year of taxpayers' money, had an audience of 100. The number of theatres at present in operation in Germany is one-third less than five years ago, and in Berlin 50 per cent less. In 1913-14 subscriptions and box-office receipts accounted for a shade less than 70 per cent of the expenses of the Berlin Opera on Unter den Linden; during the season of 1933-34 this figure dropped to 30 per cent. For the Prussian State Dramatic Theatre, the Schauspielhaus, the purchase of tickets provided for 69 per cent of expenses in 1913-14; exactly twenty years later it met only 20 per cent of expenses.

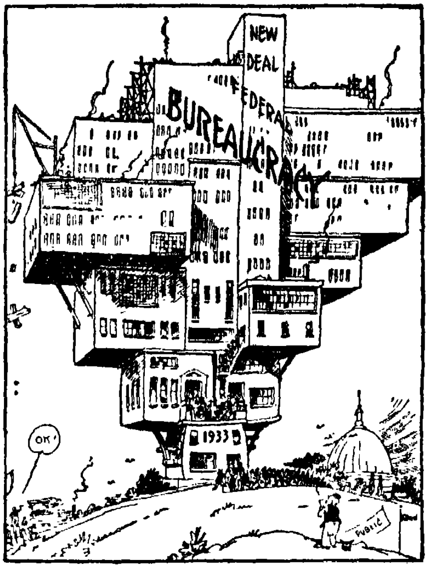
Under these conditions it is not to be wondered at that the Nazi government is advertising the "duty of theatregoing," nor that great theatres, notably the Grosses Schauspielhaus and the Schiller, have been engaged by departments of the government for free performances. Some say the future of the German theatre lies in the 400 open-air theatres, in the amateur and dilettante theatres, in the traveling stages, youth theatres, puppet plays and popular festivals, but there is nothing to demonstrate that this is true.

At the end of the last theatrical season the German theatre audiences seemed to be on strike, and the theatre authorities were seriously trying to devise means to lure them back, even going so far as to give performances without cost. This is one of the features of the new leisure program organization, the "Power Through Joy" institution. The catch in this is that if the people really enjoy anything they are willing to pay for it. And if it bores them the fact that it is free does not make it any the less boring.

Current History in Cartoons



That bird gets into everything
—*Chicago Daily News*



Away ahead of the housing drive
—*The Enquirer*, Cincinnati

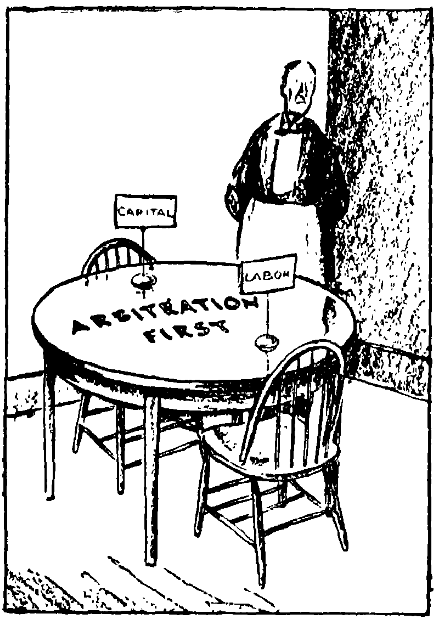


Table for two
—*Boston Herald*



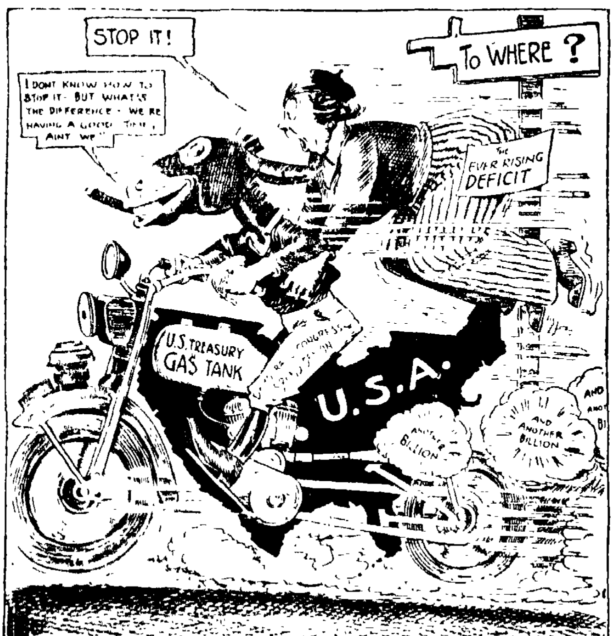
An addition to the national zoo
—*Rochester Times-Union*



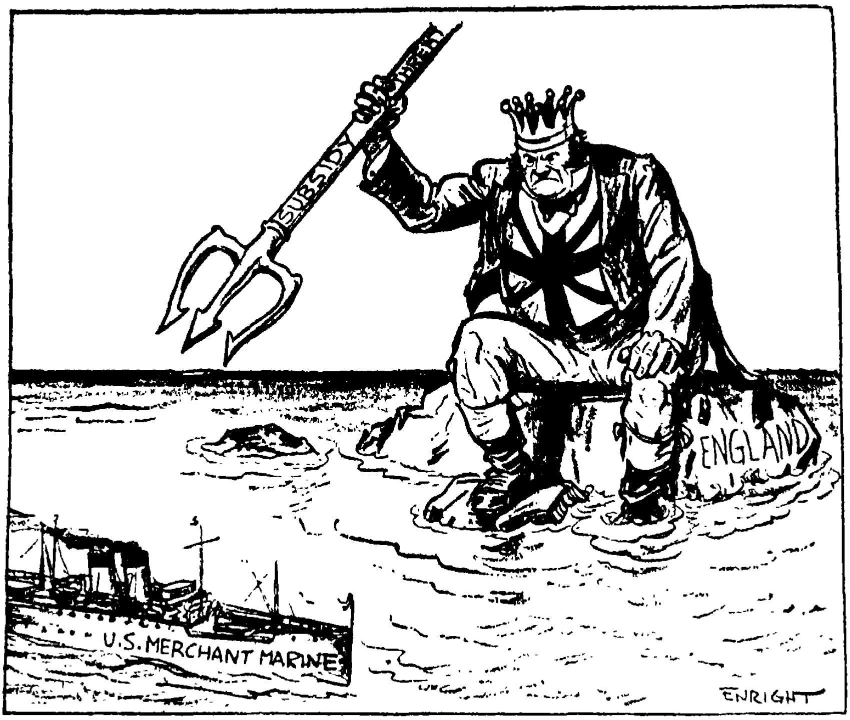
Into which hand?
—*St. Louis Star-Times*



"Take care of yourself, young fellow"
—*Philadelphia Inquirer*



The joy ride
—*Columbus Dispatch*



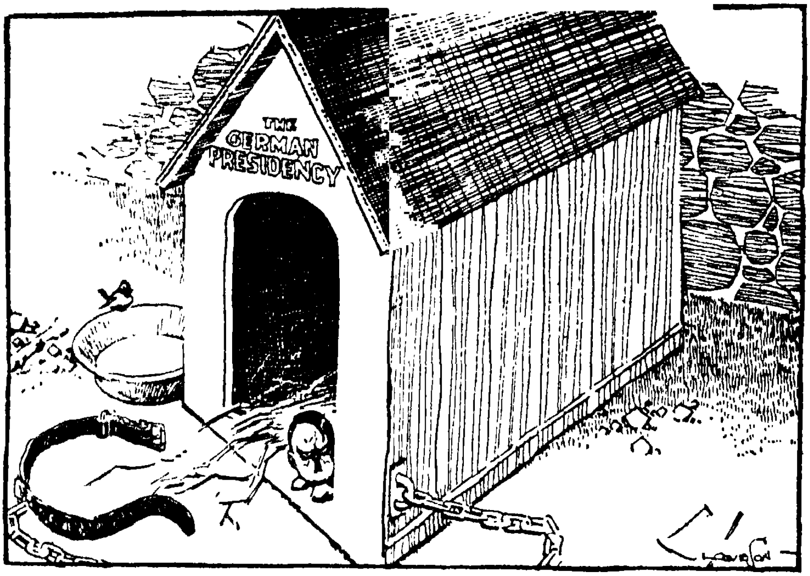
The new Neptune
—*Seattle Post-Intelligencer*



And not a drop to drink
—*San Francisco Chronicle*



What's happened to these twins?
—*Kansas City Star*



The new tenant

—Glasgow Evening Times



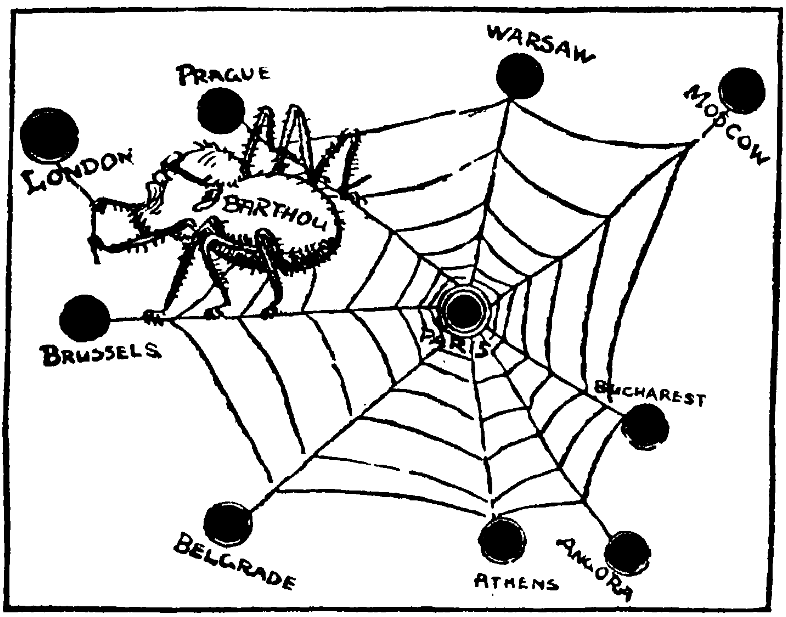
Caught again?
—Kladderadatsch, Berlin



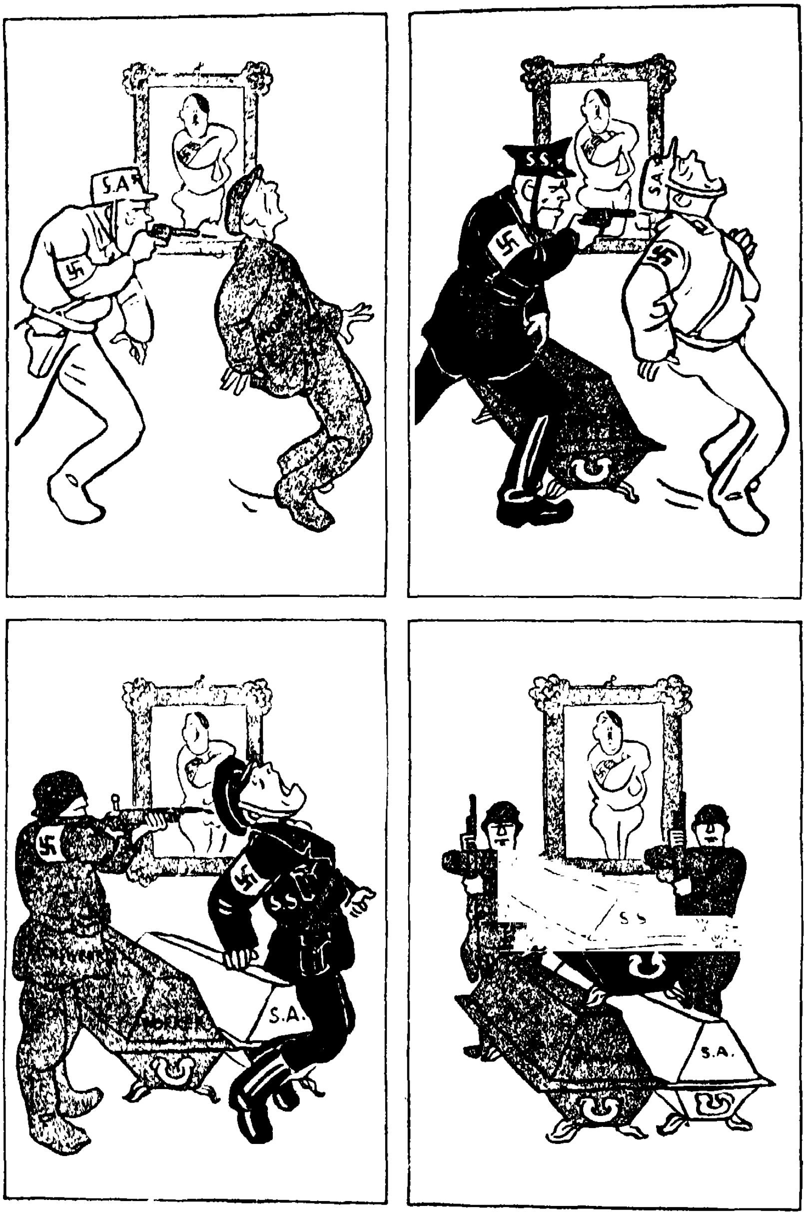
No cheerful credit
—*The Sun*, Baltimore



The puppet functions
—*The Sun*, Baltimore



Weaving the web
—*Budapesti Hirlap*



An idyll in the Third Reich, or the way to German unity
—*De Notenkraker*, Amsterdam

A Month's World History

Checks on World Recovery

By Allan Nevins

Professor of American History, Columbia University

In recent events it has been possible to discern two main forces at work, two great tendencies affecting national policies. One force is the world-wide depression, which still holds every important country in its grip, and against which the chief nations are desperately struggling, as yet with no concert and with little concern whether they injure or aid each other in their flounderings. The other force is the almost universal fear in Europe of Hitlerite Germany, a fear which affects in different ways the course of France, Italy, Austria, Russia and even Great Britain, which is more than anything else responsible for the decline of the League, and which keeps before the entire globe the constant possibility of war.

The old disheartening paradoxes are as prominent as ever. Nations plunged in poverty, and using their poverty as an excuse to evade their honest debts, are spending huge sums to arm themselves to the teeth. Countries which have every reason to act together to solve their economic problems are clinging to the unworkable doctrines of self-containment and economic isolation. After supreme demonstration of the ruin which follows extreme nationalism, various peoples are whipping themselves up to a more insensate fervor than ever. August furnished a breathing spell between the stormy events of July in Germany and Austria—when Europe seemed near the brink of another conflict—and whatever manoeuvrings and clashes of policy might accompany the meeting of the League Assembly in September. But the month contained little promise for the future.

In the world as a whole the depression still showed signs of lifting slightly. A report by the Foreign Policy Association on Aug. 19 declared: "Little doubt can remain regarding the existence of a world economic upswing of significant proportions." Pointing to improved conditions in Great Britain, France, Japan, Australia and Germany, the association found a consistency in the pattern of recovery which suggested the operation of similar forces everywhere. On the same day the Federal Reserve Board in its monthly bulletin noted that the decline in commercial bank loans which accompanied the advance of the depression had been checked in some of the principal foreign nations. But the optimistic headlines which the press placed over these reports were somewhat misleading.

Progress has not yet been impressive and there are significant reservations to the statement of gains. In the United States this Summer has shown

a worse-than-seasonal recession of industry. In Britain unemployment increased slightly in June and July. In France the number of registered unemployed has risen by approximately 100,000 since the Summer of 1933; and recent semi-official estimates place total unemployment in France at 880,000. As for Germany, her people are being exhorted to face hunger, cold and other privations with wartime heroism.

Moreover, where recovery has occurred it is of a somewhat peculiar sort. Gains have been most pronounced in those countries which have adopted emergency measures of a nationalistic character, and such gains promise little for the permanent revival of world trade. The Foreign Policy Association points out that the nations which have made the most striking advances are those - the British Empire, the United States, Czechoslovakia, Japan and so on - which have more or less deliberately depreciated their currencies to seek a stable price level. Various nations, with America in the lead, have restricted the production of raw materials to raise prices and the purchasing power of producers. High tariffs and import quotas in numerous countries have made necessary new construction and the development of new industries to supply goods formerly bought elsewhere. Some of the recent gains are also traceable to huge public-works programs.

But almost nothing has yet been done to set world trade upon its feet: to break down trade barriers, to stabilize exchange, or to reinvigorate international finance. Except in Australia and Japan, the Foreign Policy Association points out, the revival has therefore been almost wholly domestic in character. In some respects those nations which have climbed up a little have done so by kicking others down. Thus the widely played game of currency depreciation has accentuated the disadvantages of those countries which hold to the gold standard. The hardship in France has provoked new proposals for scaling down the franc, while Germany, still refusing to devalue the mark, faces a darker and darker economic outlook.

Special praise, in these circumstances, should go to Secretary Hull for his work in helping to liberate world trade by a program of reciprocal tariff agreements. The treaty with Cuba signed on Aug. 24 (see page 88) is the first of a long series, for Washington announces that eight others are well under way. The Smoot-Hawley folly is being undone.

GERMAN REPUDIATION POLICY

Nowhere is economic nationalism being pushed to more extreme limits than in Germany today. And in the politico-economic sphere nothing has caused more irritation in recent months than the truculent utterances which Dr. Hjalmar Schacht has been constantly delivering. This plastic gentleman, long president of the Reichsbank, and once fairly moderate and sensible, has become a perfect mouthpiece of Nazi sentiment. Having succeeded Dr. Kurt Schmitt as Minister of Economics, he has complete charge of German banking, industry and commerce. A series of his speeches apparently herald an effort by the Reich to free itself of its principal long-term and middle-term obligations by an insolent process of repudiation. As Germany declared in 1932 that reparations were ended, so now she would like to declare that the payment of her debts to private holders is ended.

There can be little doubt as to the principal author of this attempt. Dr.

Schacht recently published an article in which he declared that no economic measures had been taken by the government without Hitler's counsel and initiative. "It was a surprise to me, as an economist, to see in the course of my practical work with Hitler how clear his ideas were on economic events and necessities. The secret of his success in the economic sphere is due entirely to the clearness and simplicity of his deductions." Evidently Hitler has reached the simple deduction that the good faith and good name of Germany are less important than saving the money required for debt payments. No creditors would object to making allowance for Germany's adverse economic condition, but for German leaders to make temporary difficulties an excuse for permanent repudiation is a different matter.

Yet it is to just this that Dr. Schacht's words point. On Aug. 15 he issued a statement which blamed "the borrowing business" for the difficulties of the Reich. In an interview with a correspondent of *The New York Times* on Aug. 25 he not only asserted that "Germany will not pay these coupons because we haven't got the money available" but intimated that she would not pay even if she had. "Fifty per cent of what we borrowed has been paid back, every cent of it. Don't forget that the other 50 per cent was transferred to the Allies, and now we are asked to transfer it a second time. Well"—and he shrugged his shoulders. On Aug. 26, in an address at Leipzig Fair, Dr. Schacht declared that foreign exporters had only themselves to blame if they had shipped goods to Germany and then found no payment forthcoming. This statement was directed particularly against British interests.

Again, on Aug. 30, he told the International Congress of Agrarian Economists meeting at Bad Eilsen that "the political debts left over from the World War" must be "removed." A year or two ago, he added, an agreement might have been reached on the simple basis that creditor governments should take a larger volume of German goods and should at the same time reduce the debt claims. Now that has become impossible. "The marrow has been sucked from Germany's very bones"; "she can not pay even the moderated interest service," "and there is no course left but to grant Germany a complete moratorium for a period of years." The word "grant" has a comic sound. Germany will just take it.

Dr. Schacht's personal utterances ordinarily would mean little except that he has been a notorious political weathercock. For years he was an ardent democrat and an outspoken defender of majority rule; now he is the willing servant of the most absolute autocrat in Western Europe since Napoleon I. He used to defend *laissez faire;* now he has helped to put German business into a straitjacket. He was long a stanch advocate of international understanding; now he is a violent nationalist. Only four years ago, visiting New York, he assured Wall Street that Germany would pay every cent of her loans, and told the Bond Club that every investor, "on long term or on short term in industrial credits, commercial credits, or credits to the public authorities," was perfectly safe. Now he says that he warned Americans against investing and is "very, very sorry" for them. Such a man would change his mind again under a little pressure. But in these matters Dr. Schacht is plainly the mouthpiece for the dishonest Nazi group which regards all debts as "tribute" and means to slough them off, and has enlisted with Hitler in

the latter's "war against international capital." Meanwhile, the expulsion of Dorothy Thompson (Mrs. Sinclair Lewis) from the Reich for criticisms of Hitler published several years ago shows how indifferent Berlin has become to world opinion.

Condemnation of German financial policy is not confined to the United States. Financial circles in London have nothing but the "severest condemnation," in Francis W. Hirst's words, for Dr. Schacht's speech at the Leipzig Fair. Expert opinion generally blames Germany herself for her chief financial difficulties. Heavy expenditures on unremunerative public works (in 1933 the government spent 1,200,000,000 marks on public works, while industry is estimated to have spent some 3,400,000,000 marks on extensions and re-equipment); large recent imports of materials usable in war; the offense Germany's intolerant policies have given to powerful groups abroad; and attempts to maintain the currency at an artificial level—these are among the main sources of Germany's troubles.

A report published in New York on Aug. 30 by the Institute of International Finance (conducted by New York University and the Investment Bankers Association) accused the Reich of concealing her full resources for remitting money abroad. Gold and gold-exchange reserves in the Reichsbank have dwindled to small amounts, but there are other important foreign exchange reserves in the country. The institute asserted that the German external debt has been reduced by approximately 60 per cent in the last three years and is not more than 9,000,000,000 or 10,000,000,000 marks today. It also echoed Secretary Hull's charges regarding imports of war material. In the first four months of this year imports of iron and copper were more than double those for the same period in 1932, while imports of zinc, manganese and sulphur pyrites likewise mounted inexplicably.

The German reply to Secretary Hull's remonstrances against her debt moratorium was received in Washington late in August. On Aug. 30 the State Department announced that it was thoroughly unsatisfactory. It did not even give assurances that the discrimination which now exists against American bondholders and in favor of British, French and Italian investors would not be continued. Newspapers published, side by side with the State Department announcement, a dispatch from Stockholm stating that Sweden had concluded an arrangement with Germany by which her holders of the Dawes and Young Plan bonds will obtain full interest payments based on the German export surplus to Sweden. Such news is not calculated to improve the American attitude toward the German government.

NEIGHBORS OF THE NAZIS

It is not strange that Germany's immediate neighbors exhibit a continuing distrust of her. Hitler's speech on Aug. 26 at the great demonstration in Coblenz, to which 150,000 residents of the Saar had been brought by special trains, contained a plea for Franco-German amity. One of the happiest days of his life, he said, would be that on which he welcomed back the 880,000 people of the Saar; and that event should usher in "happier times for two nations which once faced each other as enemies." The French press received this gesture frigidly. Without regard for party, the principal journals next day published scornful or suspicious editorials. Most of them offered some variation of the assertion by the *Journal des Débats,* "He is not sincere." France has no

hope that the Saar will vote for union with her, and probably little that it will vote for continuance of the League régime. But she is resentful of Nazi tactics in the valley.

There is some reason for this resentment. With the Plebiscite Commission duly erected and preliminary arrangements made for the vote in January, the atmosphere of the Saar has become ominous of storm. The head of the Governing Commission, Geoffrey G. Knox, applied to the League on Aug. 14 for an early increase of the police force from 1,000 to 3,000 men. His reasons were impressive, for after describing the increasing difficulty of maintaining order, he showed that the native Saar police force has proved utterly unreliable in dealing with the Nazis. To summon foreign troops to maintain order during the plebiscite would be a cardinal error; their mere presence would be denounced by the Germans as intimidatory. Mr. Knox recommended that the new platoons be recruited from the German-speaking areas of Switzerland and Luxemburg. The Swiss have shown some disposition to protest against being placed in such an embarrassing position, but will doubtless consent.

A fortnight later, on Sept. 1, League officials in Geneva made public another and graver complaint from Mr. Knox, with a renewed appeal for strengthening the police. He declared that he had discovered documents proving that 16,000 German residents of the Saar were receiving military training in Germany itself, while 10,000 had already been so trained in preparation for the plebiscite, and that the "German Front" in the Saar, which is in close contact with Reich authorities, has been responsible for many criminal acts. He made it clear that he could not guarantee a fair election without a much larger force.

The Italian press early in August ceased the charges and insults it had been pouring out against the Nazi government ever since the attempted coup in Vienna on July 25. But there is ample evidence that the Italian resentment over Hitler's alleged "betrayal of Mussolini" will not quickly evaporate. The newspapers have pointed out that Hitler has failed to prove the good faith of his "hands-off-Austria" pronouncements. He has, for example not disbanded the legion of Austrian Nazis now in German territory, nor has he prevented the renewal of the anti-Austrian broadcasting campaign from Munich.

The Fascist government has made its displeasure with the Reich evident in a number of ways. Mussolini and the new Austrian Chancellor, Kurt Schuschnigg, met on Aug. 21 in the library of the Villa de Marinis, just outside Florence. This was the fourth meeting in little more than a year between the heads of the Italian and Austrian States, a fact which in itself indicates the determination of the two governments to cooperate in upholding Austrian independence. In advance some newspapers spoke of a possible military alliance, but this was wide of the mark. An alliance would really mean an Italian protectorate; and this would arouse antagonism on every hand while deeply hurting Austrian pride.

If semi-official announcements regarding the brief conversations (they were over within six hours) can be trusted, Austrian security and Austro-Italian trade were the principal topics discussed. On the first it was agreed that Austrian independence must be maintained at all costs, and this must include complete internal autonomy; on the second, arrangements were canvassed for improving commercial re-

lations, and the two leaders expressed the hope that other Central European States would join the Italo-Austro-Hungarian economic group. It was announced quietly on Aug. 25 that Mussolini's proposed visit to Hitler's home near Munich this Fall was entirely off.

There is no doubt that Mussolini was largely responsible for Austria's long delay in accepting Franz von Papen as the German envoy in Vienna. On Aug. 7 the Austrian authorities announced that he would be received, and he reached his post on Aug. 15. But he arrived shorn of much of his prestige. Not only had the Austrian press fully aired his blunders in America during the war, and his part in breaking down the Catholic Centre in Germany, but the Austrian Government had made it clear that no special position (such as Hitler had in mind in making the appointment) would be accorded him. He arrived without parade or even great interest to take up an extremely difficult task.

EASTERN LOCARNO PROJECT

Despite much diplomatic pulling and pushing, the Franco-Russian plan for an Eastern Locarno made no perceptible progress during August. It has the blessing of Great Britain and Italy, though they would not be signatories. Some believe that it holds golden possibilities, that it *might* serve as a lever to bring Germany back to Geneva, to restore power to the League and to reanimate the plans for disarmament. But throughout the month Germany and Poland alike turned a cold shoulder toward it.

German hostility is natural. It is difficult to imagine the Reich, fundamentally opposed as she is to confinement within her present eastern boundaries, agreeing to an all-round guarantee of the status quo in that part of the world. To do so would be equivalent almost to signing a new Versailles treaty.

As for Poland, she has powerful motives for a similar attitude. Up to the end of August she had not answered the French request for a speedy elucidation of her position. The Premier and Marshal Pilsudski had both been absent from Warsaw and there were other obstacles, perhaps in part invented. Poland is pleased with her recent German treaty and is anxious not to offend the Reich unnecessarily. She has likewise a promise that the Soviet Union will abstain from aggression for ten years. She believes she stands to gain little or nothing from the proposed treaty, while she would take on the liability of helping her neighbors (Estonia, Latvia, Czechoslovakia and possibly even Lithuania and Rumania) in the event of trouble. Since Poland is ambitious to play a strong rôle of her own in Eastern Europe, she is fearful lest the treaty make her a mere tail to the Franco-Russian kite.

It is clear that France has been trying to coax Poland into the new compact; but Poland nurses a number of grievances which make her unresponsive. One has to do with the precarious position of Polish laborers in France. Their number is placed as high as 600,000 and unemployment has meant severe hardship to them. Particularly is Poland concerned over the fate of about 100,000 miners in French pits, most of them taken to France under contract. Thousands have been deported and thousands more face the same action, a source of much bitterness beyond the Vistula.

Another reason for Polish irritation is the unwillingness of French financiers to risk loans in Poland. While billions of francs have gone to other

countries, the Poles have received almost nothing. It is significant that on Aug. 30 Paris announced that the Bank of France was placing a credit of $33,000,000 at the disposal of the Bank of Poland. Political circles in Warsaw would not admit that there is any connection between this and the Eastern Locarno question; but the loan might do much to sweeten the Polish temper.

Whether an Eastern Locarno would have any real value for the world is a question upon which observers sharply disagree. It can be pointed out that the original Locarno Pact did nothing to further disarmament, and left France still without a sense of security. The report that Rumania was left out of the original plan because Russia would not guarantee the status quo for Bessarabia, and the other report that the plan for a "Mediterranean Locarno" had been dropped because Mussolini was unwilling to accept certain frontiers in which Italy is interested, indicate how national selfishness may limit such undertakings. And there is grave doubt whether the League is not more weakened than strengthened by these regional agreements, whether a mutual assistance pact does not come pretty near being a military alliance.

TWO GAINS FOR THE LEAGUE

As August closed it was accepted as virtually certain that the Soviet Union would be admitted to the League at the September meeting of the Assembly. Downing Street announced on Aug. 30 that Great Britain, France and Italy were making inquiries at various capitals "regarding the attitude of some governments toward Russia's admission." We can only guess at these capitals. But it had been said that Switzerland, Belgium, Holland, Hungary, some Latin-American States and Canada were inclined to object to the entrance of Russia. Under the Covenant, two-thirds of the Assembly may admit a new member to the League. It would therefore require eighteen dissenting votes to exclude Russia, and no one believed that number could be found. Since even a dozen black balls would give a bad impression, Britain, France and Italy were nipping opposition in the bud, and were dropping hints in the various capitals that abstention from voting would be better than voting No.

A somewhat different question was presented by Russia's expectation of a permanent seat on the Council. She would of course not enter the League unless she were assured such a place. But a unanimous vote of the Council members is required to elect a nation to a permanent seat. Poland, now holding only a temporary place, renewed annually by the Assembly, and ambitious for a permanent seat, might expect a *quid pro quo* for joining in a unanimous vote. If she wished, she could veto the Russian candidacy as Brazil in March, 1926, temporarily vetoed the proposal for a German seat. No doubt the powers were taking precautions in this matter also during August. The great gain to the League and to world peace represented by Russia's admission was too important to be imperilled at the last moment. It may be noted that the United States used to be reminded that her principal companions outside the League gate were Mexico, Turkey and Russia. Mexico was admitted in 1930, and Turkey in 1932. But we still have companions—Hitler's government and the conquerors of Manchukuo.

A momentous forward step was taken by the United States in its relations with the League when on Aug. 20 Prentiss B. Gilbert, American consul at Geneva, signified our official

acceptance of the invitation to become a member of the International Labor Organization. This step roused enthusiasm in labor circles the world over. It was announced at the same time that President Roosevelt would soon appoint a representative to sit with the organization. As a matter of fact, American entrance into this body has been deplorably tardy.

The International Labor Organization was American in origin. The primary impulse for its establishment came from a resolution of the American Federation of Labor adopted in 1914, and the charter of the organization, drafted at the Paris Conference, owed more to Samuel Gompers and James T. Shotwell than to perhaps any one else. The International Labor Organization has a permanent headquarters in a building separate from the League; it has a permanent staff known as the International Labor Office, which is about as large as the Secretariat of the League, and it has a capable director, the Englishman, Harold Butler. Though the governing body of the organization has already been chosen for the next three years, three nations have agreed to surrender to the United States their seats for government, employer and worker delegates, respectively. For some years the American Federation of Labor has collaborated actively but unofficially with the I. L. O., while various American employers have also lent a hand. From now on the United States will be in a position to lend its full support to the great movement centring in Geneva to raise the labor of all nations to proper living standards.

In some other international fields there was much activity during the month. The Wheat Advisory Committee was at work in London from Aug. 14 to Aug. 23. Delegates of fifteen countries were told that the world faced a carry-over, despite the drought, of more than 1,000,000,000 bushels of wheat at the start of the new cereal year. The meeting finally adjourned to convene again in Budapest on Nov. 20. It had come to no important conclusion save a recommendation that the present wheat agreement, which expires on July 31 of next year, be extended to July 31, 1937. No new export quotas were fixed, but it is hoped that this can be done at Budapest.

NAVAL DISCUSSIONS

Throughout the month various leaders prominent in naval affairs contributed to the running discussion of the problems which the naval conference of 1935 will have to consider. Most of these contributions, as might have been expected, were of a kind to excite pessimism. The suggestion of Secretary Swanson on Aug. 1 that all the powers which had signed the London Naval Treaty reduce their naval armaments by 20 per cent was promptly rejected as impossible by Japanese naval officers. Admiral Beatty made an unhappy speech on Aug. 4 in which he asked Britain to "throw off the shackles of international agreements" and build a much more formidable navy. And on Aug. 29 the spokesman of the Japanese Foreign Office declared that Japan would abrogate the Washington Naval Treaty unless the powers gave favorable consideration to a new scheme she was drafting. There were various other indications of Japanese hostility to the present ratio. But it is helpful to recall that at this early stage a great deal of loose talk can be indulged in everywhere without doing essential harm to the objects of next year's conference.

The Politics of Our Depression

By CHARLES A. BEARD

THE impressive feature of the political campaign in the United States in the early Autumn was not any formula employed by politicians and directors of affairs. To judge by their words, they imagined that something was being done when slogans such as "bureaucracy," "regimentation" and "the forgotten man" were recited with emphasis and vociferation. The significant event of the campaign lay deeper in the turmoil. It was the compilation and circulation of figures showing just how much money the various States and sections had secured from the public treasury in the form of relief funds.

Long ago candidates for Congress cited the pensions, post offices and harbor and river improvements they had won for their respective constituents. Now they have, in addition to the historic staples, a new list of "benefactions" to present: Relief funds for the unemployed, loans to farmers, grants to home owners, aid to banks, work done by the CCC for the varicus neighborhoods, checks sent to farmers for curtailing crops. It is openly boasted that all, or practically all, the funds for relief in some States and sections come from Federal sources.

As usual the economic appeal is not confined to either of the great political parties that divide the country. Candidates on both sides refer to the millions of people on poor relief rolls, and the millions of dollars distributed monthly. They contend with one another over achievements and promises. When Henry P. Fletcher, chairman of the Republican National Committee, issued a broadside on the subject late in July, he accused the Democrats of using relief and drought funds for political purposes—"a great campaign fund" drawn from "the thrifty"—but he did not propose to stop the whole business. Nor did he suggest any other plan for dealing with the millions of destitute and hungry people. The burden of his argument was that the Democrats were employing doles and loans for their partisan ends. Secretary Wallace denounced Mr. Fletcher's statement as "contemptible." About the same time the RFC announced that a payment of some size had been made by Charles G. Dawes's bank on the huge loan obtained during the Hoover administration. Reports from relief agencies indicated a growth in the number of unemployable men and women. As in the last days of old Rome, it seemed easier for leaders in affairs to feed the population than to find ways and means by which it could earn a living by labor.

The old faith in the power of increasing debts to raise the standard of life was also maintained unimpaired. To the apparatus for lending money to farmers, created in the administration of Woodrow Wilson and enlarged under Presidents Coolidge and Hoover, and to the other lending devices, established under President Hoover and supplemented under President Roosevelt, was added in August the Federal Housing Administration. The launching of the new agency was preceded by an announcement by Secretary

Roper to the effect that there was a "shortage" of 5,000,000 habitable dwellings in the United States, that millions of houses were in need of repairs, and that "thousands of others are unfit for human habitation"—one of the few under-statements made during the political season. Having virtually abandoned the idea of a broad attack on slums in town and country, the Housing Administration started a nation-wide campaign to get present home owners more deeply in debt. In this propaganda the zeal of real estate, building and loan, banking, contracting and building interests was enlisted. With $1,000,000,000 of Federal money available and a substantial Federal guarantee against loss at hand, with a new bureaucratic division set up, a hopeful search was made around the corner for the long-delayed prosperity.

In the dreary economic scene only one feature encouraging to business enterprise appeared. That was a substantial rise of industrial profits available for dividends. But this was not without offsetting troubles. It was not marked by a corresponding rise in industrial production, employment and buying power. It seemed to grow rather out of the price-control operations under NRA and to offer no guarantee that business had started for a long pull upgrade.

Another offsetting disadvantage was the color which it lent to movements on the part of labor for wage increases. While some of the strikes that raged in the Summer were "settled," new strikes appeared. Most of the latter were purely local in character, but on Sept. 1, a general strike in the textile industry opened, involving more than 640,000 workers. On Sept. 5 President Roosevelt named a special board for purposes of mediation. The truck strike in Minneapolis was adjusted by Federal conciliators, on terms somewhat favorable to unionism. Announcements were made respecting the "settlement" of the longshoremen's strike in San Francisco, but intransigent minorities tried to keep up the fight. A stockyards strike in Chicago was ended by General Hugh S. Johnson through an agreement in which, he said, "both sides won." At all events non-union men, employed as strike-breakers, were immediately discharged. Labor relations in the steel industry continued uncertain and its leaders threatened to abandon the code system.

While political and business leaders tossed to and fro in efforts to set the American economic machine in swifter motion, the indices of economic activity remained persistently on a low level, without much vibration. The weekly graph published in *The New York Times,* based on major economic transactions, showed a tendency in physical production and physical distribution to run roughly along the 80-per-cent line. Heaviness rather than buoyancy characterized the course of industry. The deliberate channeling of money into the hands of farmers by crop-reduction agreements and the processing taxes undoubtedly raised the proportion of wealth poured into agriculture; but that was offset to some extent by higher prices for industrial commodities. The difficulties of agriculture were also augmented by the widespread drought of July and August, although it promised a later enhancement of prices for farm products.

According to findings of the Department of Agriculture, the drought area involved "more than half the United States" and "about 400,000 families, including 1,600,000 individuals." The disaster was especially severe in Missouri, where 81 of 114

counties were placed in the primary section of Federal relief, and in Oklahoma, where every county was placed on Federal relief. Texas reported 18,000,000 hungry cattle, sheep and goats. The visible supply of wheat, corn, oats and hay was materially reduced, prices rose, and President Roosevelt placed himself at the head of activities designed to prevent exploitation of the consumers under the guise of necessity due to diminished supplies. August showers afforded some aid to the parched regions, but the crop damage was undoubtedly immense. In coping with the disaster the Federal Government shipped cattle from the drought areas, killed a large number for beef, supplied funds to the suffering and lowered tariff barriers on certain imports. Naturally, this emergency raised anew the discussion pertaining to the reduction program of the AAA.

The new National Labor Relations Board went into action in other cases with a swing that indicated an important development under Section 7a of the National Industrial Recovery Act. In August it ordered the Tamaqua (Pa.) Underwear Company to reinstate sixty-one employes, members of the Amalgamated Clothing Workers Union, who had been excluded on the ground that the company had a closed-shop contract with its company union. This decision was interpreted to mean that company unions cannot be made exclusive. In another case the board dealt with a company which refused to bargain collectively with a workers' union and which insisted on individual contracts with its employes. The board ruled that such individual contracts were inconsistent with Section 7a. Still more significantly, the board declared on Sept. 1, in the Houde Engineering Corporation case, that the representatives chosen by a majority in any particular instance should be "the exclusive bargaining agency of all employes" in the enterprise involved, although minority rights were to be protected. Whether the board can enforce such decisions remains to be seen. Enforcement is the crux of the matter.

If reports from many sources correctly reflect the situation in the labor world, then current industrial disturbances are decidedly marked by uprisings among the younger generation against the traditional leadership in the American Federation of Labor. That generation is more radical and more intransigent. It seems to be especially vocal among the thousands of new members who have entered the A. F. of L. unions since 1933.

That it is exerting heavy pressure on high officials in the A. F. of L. was evident in the announcement made in connection with its executive council meeting at Atlantic City in August. Just previously William Green, president of the Federation, had stated publicly that organized labor would support President Roosevelt's plans for social insurance and fight off efforts to "scuttle" it. At Atlantic City Mr. Green declared that private industry had "virtually abdicated" in the presence of 10,000,000 unemployed workers. Then he asked questions cast in a form entirely novel in high A. F. of L. circles: "Will it be necessary for society to take over the means of production? Will the government be forced, because of industry's failure, to invite the willing and eager workers to march into the idle shops and throw the levers of the machines that will pour out again the endless amount of goods our people require? * * * These are questions which industry must ponder before it is too late." Thus the president of the A. F. of L. came to the issue pre-

sented to the National Electrical Manufacturers Association by Gerard Swope on Sept. 16, 1931: "*I say that* industry must do this thing [provide employment and security] because it surely will be done [by industry or the State]." About the same time officials of the A. F. of L. announced that they intended to wage "relentless war" on the "Reds" boring within the unions.

Faced by the evident failure of measures thus far taken to cope with the huge volume of unemployment and confronted by growing criticism, the Roosevelt administration took certain new steps and announced that preparation of larger plans was proceeding rapidly. Late in July Henry P. Fletcher, on the Republican side, had stated that "opposition to the New Deal is increasing" and that "small business men are making contributions to the Republican cause." In August, General Johnson modified NRA rules so as to exempt all employers in fifteen retail trades and services in towns of 2,500 or less population from code regulations, except as to the child-labor ban and collective bargaining with employes. At the same time it was made known that the new Industrial Appeals Board of the NRA would start functioning to hear protests and objections from "the little fellow"—the object of solicitude on the part of Senator Borah and the late Darrow committee. Apart from labor troubles and minor controversies with individual concerns and certain small industries, no significant incidents marked the course of the NRA.

With a view to giving industry "another shot in the arm" or placating insistent Senators battling for their political lives in the "silver" States, or both, President Roosevelt on Aug 9 nationalized silver under the Silver Purchase Act of June 19. Possessors *of silver bullion were ordered to turn their holdings over to the Treasury within ninety days in return for pay*ment at the rate of 50.01 cents an ounce. Exceptions were made of silver in industry, in the arts, in coins, and in certain other objects. When Secretary Morgenthau was asked whether this meant inflation, he replied cryptically: "What is inflation?" An air of mystery shrouded the operation. Was this merely a first step to free coinage at a ratio of sixteen to one? Did President Roosevelt actually believe in the possibility of recovery through an increase in silver notes? Or, convinced of the futility of the silver gesture, did he feel himself too weak to take a stand against the silver Senators and Representatives? Or was he waiting on Providence? By no process could official answers to these questions be pried out of the White House.

Whatever may happen to industry in general, statements from the Nye committee investigating munition concerns indicated a movement in favor of government ownership of munitions plants. At a session held in Washington on Sept. 4 the committee brought out an instalment of testimony connecting the Electric Boat Company with Vickers, Ltd., in Great Britain and revealing an apportionment of business, with Sir Bazil Zaharoff, "the munitions wizard," of international fame, in the background.

Apart from plans and promises for the future, the Roosevelt administration offered one completed performance to the country in August—an agreement modifying tariff rates on trade between the United States and Cuba, consummated under the Reciprocal Tariff Act. At the same time it was announced that negotiations with other countries were in process. In a special feature article in *The New*

York Times of Aug. 26, A. A. Berle Jr., who may be regarded as among the unofficial spokesmen of the government, declared that this agreement marked the "entrance by America into the great game of handling trade currents" by technical manipulation. The United States, he continued, is moving toward a policy of "breaking through the strangling barriers to foreign trade."

Just how the administration can, by any management of tariffs, find an outlet for the alleged "surpluses" of agricultural produce and manufactures, Mr. Berle did not make evident. The idea that it cannot be done by any method whatever does not seem to have occurred to him. If he is really speaking for the administration, then it is cherishing the ancient delusion, entertained by imperialists and free traders alike, that markets for the swelling potentials of technology can be found abroad. The upshot of its operations along these lines is likely to be a sharp conflict among domestic interests affected, adding one more burden to the load under which the administration will stagger in 1936.

Although no new measures of wide-reaching effect were adopted by the administration, unless the "nationalization" of silver be regarded as such, the news from day to day indicated no signs of retreat from the previously announced determination to employ government agencies and funds in coping with relief and to bring industry and agriculture into some kind of organization affording "security" to the people.

Speaking at the Bonneville (Ore.) project, on his return from Hawaii, President Roosevelt reiterated his interest in "advantages for mankind, good education, some play, and, above all, a chance for the people to live their own lives without wondering what is going to happen tomorrow. Security for old age. Security against the ills and accidents that come to people. Above all, security to earn your own living." This "dream for America" he referred to again in twitting the new American Liberty League about its affection for property rights and its failure to emphasize responsibilities to neighbors. The President, in his Bonneville address, also announced: "The power we are developing here is going to be power which for all time is going to be controlled by the government." Then he added that he was creating on the Colorado River, the Tennessee River and the Columbia River "yardsticks" so that "the people of this country will know whether they are paying the proper price for electricity." Another yardstick, he continued, is to be started on the St. Lawrence.

In the meantime the prospects of more collective efforts to deal with the crisis in economy were hinted at by members of the administration. Speaking at a farmers' rally in Illinois, Henry A. Wallace, the Secretary of Agriculture, declared himself in favor of a "national economic council" to coordinate the activities of the AAA and the NRA. This council, he suggested, should consist of representatives of agriculture, industry, labor and the consuming public, with the government acting as a referee. Its function would be to cover and stabilize industrial and agrarian activities in respect of both domestic economy and foreign trade. Conceding that both political parties were "high-tariff-minded," Mr. Wallace saw little likelihood of opening outlets for agricultural produce abroad by lowering tariff barriers and accepted some radical domestic adjustment as the best hope for raising buying power at home.

From the National Recovery Administration no large projects emerged. There were, however, new squabbles between General Johnson and Donald Richberg, counsel for the NRA. The General threatened to resign again, but on Aug. 28 it was announced that he would stay and that his salary had been increased to $15,000. There were hints that the NRA might be placed in the hands of a board, that codes would be reduced in number and simplified, and that recovery agencies might be consolidated. The President stated publicly that new plans were forthcoming and that agreement had been reached on most points, except the place of the anti-trust laws in the scheme, but that was about equivalent to saying that the play was ready except for Hamlet himself.

Evidence that the President had no intention of "scrapping" his great recovery agencies became cumulative in the discussions of the tentative report presented to him on Aug. 21 by Donald Richberg for the Industrial Emergency Committee. This report called for the coordination of the AAA and the NRA "to maintain a balanced control of industry and agriculture"; the coordination of housing, relief, public works and other agencies as supports for the industrial and agricultural program; the elimination of conflicts between the NRA, the Federal Trade Commission and the Department of Justice, and the development of "clear-cut policies for all government agencies." If the President finally accepts the tentative report, at least in its fundamentals, this will mean that he intends to continue along the lines of economic integration on which he set out in the Spring of 1933. Should this prove to be the case, then the next Congress will be compelled to make some choices of first magnitude among alternatives of policy.

While the President and his advisers were forging new plans for the NRA and the AAA, for social insurance, and for attacking the depression from other angles, editors, publicists, statesmen and politicians were busy trying to make the impending issue of 1936 a battle between "collectivism" and historic "individualism." At a meeting of nearly 5,000 persons near the grave of Calvin Coolidge, on Aug. 3, J. M. Beck and Senator W. R. Austin assailed the New Deal in vigorous language. Several days later Senator Fess, speaking in Ohio, took the same line and contended that President Roosevelt had taken eight items of his program from the Socialist platform and only two from the platform of his own party. This view was not confined to the Republican side. Governor Joseph B. Ely, speaking at the Governors' conference, declared that the logical outcome of the NRA was "a socialistic State."

Another sign of impending cleavage appeared on Aug. 22, when announcement was made that an American Liberty League had been formed, under the leadership of John W. Davis, Irénée du Pont, Alfred E. Smith, Nathan L. Miller and James W. Wadsworth, for the purpose of upholding the Constitution, preserving liberty of person and property, fostering "the right to work, earn, save and acquire property' and preserving the "ownership and lawful use of property when acquired." This league, it was explained, is to enroll a large membership and carry on "educational" work. The names of the gentlemen associated with it seemed to guarantee a conservative view of the current political situation, and hence it was interpreted to mean the launching of a "nonpartisan" attack on the New Deal and its works. Radicals wanted to know whether the league would help to pre-

serve personal liberties in labor disputes and how it could assure "the right to work" to millions of unemployed. Yet with adequate financial support and under such sponsorship, the league could clearly become a powerful wedge in splitting the country into an extreme Right and an extreme Left.

It is true that none of the eminent authorities in the new league presented a bill of particulars. They did not enumerate the acts of Congress which they proposed to repeal. In assailing government intervention in business they did not say whether they proposed to abolish the protective tariff, subsidies to shipping, bounties to aviation, naval protection for commercial promotion abroad, and thousands of acts "interfering with business" adopted by Congress and State Legislatures under Republican and Democratic leadership during the past hundred years. Nor were they all prepared to make a clean sweep of the New Deal and its works. But they assumed that the American economic system was sound at heart and would leap forward to new prosperity if released from the hampering limitations of "collectivist" control. At the same time they neglected to take note of the large Republican vote in Congress favoring practically every one of the New Deal measures. In proceeding in this direction, it may be that political managers may force an alignment of the electorate in 1936 on the issue of individualism versus collectivism, with fateful consequences to themselves and the country.

In the lower ranges of national politics, that is, in the party battles of the respective States, no clear tendencies emerged. Though facing a revolt in Democratic ranks, Governor Cross of Connecticut seemed to think that what he called "a war on the Reds" was the leading issue of the State, judging by his address at a session of the American Legion. On the Pacific Coast the most startling event was the overwhelming victory of Upton Sinclair in the contest over the nomination of a Democratic candidate for Governor. Whether the establishment of a virtual dictatorship under forms of law in Louisiana by Senator Huey Long or the squabble between Governor Oleson and Governor Langer in North Dakota were mere battles of kites and crows or indicated a decline of capacity for self-government could not be determined by reference to any available facts. Naturally the eyes of regular politicians were concentrated on the election in Maine, although scientific studies of that phenomenon have demonstrated that it is no sure index to coming political events.

On the whole the primary election returns left "confusion worse confounded." Regulars in neither party found consolation or enlightenment in them. In fact consolation and enlightenment were scarce all around. For example, the nomination of Hiram Johnson for the Senate as the candidate of the Democratic, Republican and Progressive parties in California, with the endorsement of William Randolph Hearst and the approval of President Roosevelt, could not be interpreted to mean anything, except, perhaps, the temporary discomfiture of conservative Republicans. President Roosevelt watched the veering flaw blow now west, now south, refusing as a general rule to intervene, as if he were looking to some political cleavage beyond the vision of the subtracters and dividers of ordinary politics.

Canada's Growing Unrest

By J. Bartlet Brebner
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The innocent or calculated political indiscretions of H. H. Stevens, Canadian Minister of Trade and Commerce, effectively dispelled the usual Summer doldrums of Ottawa. On or about Aug. 3 he had multigraphed at his own expense, but in the form used by the Dominion Bureau of Statistics, some 4,000 copies of the revised version of a speech which he had made to a study group of Conservative members of Parliament. Written in an intimate, conversational style, it amounted to a vivid account of how the injustices in Canadian economic life had converted him to the belief that remedies must be applied at once. Names and specific instances of abuse were cited with the utmost freedom and were supported by quotations from the evidence before the Parliamentary committee on price spreads and mass buying (since converted into a Royal Commission), of which Mr. Stevens was, and continued to be, chairman. No reference to the speech was made in the Canadian press until *The New York Times* published the story on Aug. 4. The fat was then in the fire. Thereafter the Canadian newspapers could not ignore the matter.

Canadian business, after having been alarmed by the shocking revelations before the Parliamentary committee, was still more apprehensive of the Royal Commission. Now there seemed to be a chance to get rid of the arch-enemy. It was pointed out that Mr. Stevens had acted without informing his Cabinet colleagues and, although chairman of a fact-finding commission, had been partial in publishing charges against firms and individuals who had had no chance of rebuttal. He should, it was said, resign from the commission or the Cabinet or both. There were hints of libel suits against him and the newspapers which published his statements. Meanwhile, Mr. Stevens had left for a speaking tour in British Columbia, bearing with him 2,000 copies of the speech.

The events of the next three weeks were more amusing than informative. Prime Minister Bennett, after ordering the suppression of all copies of the pamphlet which could be found in and near Ottawa, reached Mr. Stevens in Winnipeg by telephone. Mr. Stevens promptly avoided resignation from the Cabinet by formally expressing regret for the publication of a document intended chiefly for studious Conservatives. He said he aimed neither at the party leadership nor at the creation of a new party. He himself somewhat altered his tone, by abandoning particular accusations for the more general.

On Aug 7, the *Winnipeg Free Press* published a substantial summary of the pamphlet, accompanied by rather elaborate justifications for so doing, and was followed by three other Western papers. Thereafter it proved impossible to smother the affair. Mr. Bennett, during the succeeding weeks, laconically withstood a bombardment of questions in Ottawa, while Mr. Ste-

vens continued to preach his gospel in British Columbia and Alberta. He escaped meeting Mr. Bennett, and by the end of the month he had decided not to resign from the Royal Commission. The elaborate and persistent campaigns against him in the press and the lobbies had failed completely.

That this should happen under the dictatorial leadership of the Conservative Prime Minister excited widespread speculation. Mr. Stevens's reputation for sincerity was borne out by the indignation in his pamphlet over the sad results to farmers, workers and investors of over-capitalization in business and of monopolistic buying. He declared that he wanted business and industry to regulate themselves, but not as in the United States, where he thought regulation was "too much from the top down." "I admit," he said in Vancouver on Aug. 14, "I don't think this will be done and I think the government will have to do something." It is not hard to understand the embarrassment of the Conservative party fund managers, who have only big business to turn to for financial aid.

Events disproved many of the speculations over the meaning of the whole incident, and left one quite reasonable interpretation. The tenure of the present Federal Government expires next month. During the last twelve months, Provincial elections in Nova Scotia, Ontario, Saskatchewan and British Columbia have been overwhelmingly anti-Conservative. The past year's legislation, including the Natural Products Marketing Act, the Central Bank Act, and mortgage relief for farmers, has failed to win support. Five Ontario Federal by-elections were to be held on Sept. 24, when the appeal of Mr. Stevens's ideas could be assessed. Meanwhile, the liberal governments in the Provinces must act under the critical eyes of the voters.

The sustained economic recovery of the past eighteen months is now being stimulated by $40,000,000 spent on public works and by the gradual expansion of $53,000,000 in the Federal note issue. Camilien Houde, the popular Mayor of Montreal, has been in Ottawa angling for a Conservative alliance with a new party designed to break the Liberal hold on Quebec. Mr. Bennett, after attending the League of Nations meeting, may return from Europe in October to a changed scene. If Conservative efforts fail, he has let it be known that he would like to resign the party leadership, but it is conceivable that he would also like to represent Canada at the imperial conference in London next year, when the Ottawa agreements come up for revision.

The historical significance of these events for Canada is difficult to estimate, for the antipathy to the Conservatives has evoked constructive suggestions only from the minority Socialist party. The Liberals have studiously avoided particular commitments out of which electoral issues could be created. Business has been frightened by Mr. Stevens into a considerable number of reforms, but has also relapsed from some of them and has anticipated the Royal Commission by all manner of legal advice and internal house-cleaning. Canada would seem to be following her old trend toward extensive State intervention in economic enterprise, with a critical eye on the experience of the United Kingdom and the United States. The Socialists have recently done a great deal to educate the voters in Canadian conditions and world trends.

On the whole, therefore, dispassionate observers were inclined to believe that Canada would be committed

to codes of industrial fair practice and to extensive regulation of the marketing of natural products, irrespective of the party in office. She would be relatively helpless, however, in controlling the prices of world commodities like wheat, metals and wood-products, and could affect the perpetual pull and push of New York and London on her dollar only by elaborate manipulation of the national credit. The new central bank was designed as an instrument to aid as much as possible in currency control.

The recent political turmoil, combined with widespread labor unrest, vague general discontent and the studied diffidence of the Liberals, has created a splendid opportunity for the Socialists of the Cooperative Commonwealth Federation. At their second annual convention in Winnipeg they abbreviated their over-long Regina manifesto of 1933 into half a dozen planks designed to win farm and labor support. Their party forms the small official Opposition in British Columbia and in Saskatchewan; it is poor, and it is almost destitute of means of popular appeal. Yet its opponents, no longer frightened lest it immediately upset the two-party system, admit that it has won some middle-class support and they have not been above stealing electoral arrows from the bursting Regina quiver.

DROUGHT RISKS IN CANADA

Thirty years ago the late Professor James Mavor, in reporting to the British Government on the agricultural potentialities of the Canadian West, expressed the unpopular belief that it would be dangerous to allow settlement in a large part of it because of the risk of drought. The last four years have proved him to be right. A great triangle of land with its base near the international boundary in Southern Manitoba, Saskatchewan and Alberta and its apex south of Saskatoon, has been reduced almost to desert by drought and wind. The July-August drought of this year has again thrown most of the settlers there upon public relief.

Agricultural experts would like to have most of the population removed to escape the inevitable recurrence, while they attempt by strip-planting and special grasses to create a topsoil that would at least be suitable for cattle ranges. The people themselves, with substantial farmsteads and with the habitual optimism of North American wheat farmers, naturally are loath to pioneer again farther north and few have accepted assistance for such a move. During August, therefore, the Federal and Provincial governments arranged with the railways for joint assistance in moving cattle and horses to better pasture and supplying feed and forage to farmers who felt that they could at least water their stock. Various proposals for Canadian or Canadian-American irrigation construction in the region have had to be ignored because the cost could not nearly be justified at the present level of commodity prices.

The burden of drought relief, added to the existing load of unemployment relief, is beyond the capacity of the Western Provinces to bear. Though the Federal Government has come to their aid with direct monthly grants and loans, the recent low interest rates for money have created a demand for assistance in conversion and refunding operations along Australian lines. At Ottawa there were indications that something of the sort might be favored. Since it would, however, entail Federal supervision of Provincial finance, it would be unpalatable and will therefore have to come slowly.

Nevertheless, the drought has helped Canadian agriculture by making it likely that the world wheat surplus will have disappeared by the opening of the new Northern crop season on Aug. 1, 1935. This prediction was made by the Federal grain operator, J. I. McFarland, on his return after the failure of the International Wheat Conference in London to agree on national export quotas. He felt that wheat would have to be used for feed and that Canadian farmers might expect better prices.

Yet the price for near futures in August fell close to 81 cents from 95 cents a bushel, without any remarkable expansion in exports. Total exports for the year 1933-34 were about 70,000 bushels less than the year before, and the visible supply at the end of August was only 8,000,000 bushels less. A substantial body of Western opinion wanted to drop the effort to reach international control regulations and there was a good deal of resentment over the way in which Liverpool had been able to keep down the Canadian price by accepting the wholesale Argentinian offerings. It might be noted that President Roosevelt's order admitting cattle feed from Canada duty-free had little effect, because Canada found it necessary to conserve and distribute the supply for her own needs.

CONSTITUTIONAL REVISION?

The depression, because of heavy Provincial requirements for Federal aid, has had visible effects both in forcing the Canadian federation toward a unitary basis and in accentuating State intervention. Both these movements have clashed with the provisions of a Constitution allocating to the Provinces matters concerning "property and civil rights." In addition, sixty-seven years of treasury-raiding plus the last five years of Federal assistance in unemployment relief have made a sad mess of the system of Provincial subsidies. Mr. Bennett, who has put himself on record as favoring constitutional revision as a necessary preliminary to social legislation, used the Federal-Provincial conference at the end of July as an occasion to launch the movement, and he has called another expressly to consider the question after his return from Geneva. Prime Minister Taschereau of Quebec left the last conference in a huff. His Province objects to alterations in what it regards as the Magna Carta of French-Canadian rights, but the Dominion has acquired great leverage from its financial power, so that the moment seems ripe for a thoroughgoing reconsideration of the Constitution.

THE ECONOMIC SCENE

Canada is being confronted with the economic anomalies which seem to accompany recovery. Thus, at the beginning of July her employment index was 101 on a 1926 base and yet 1,133,606 persons out of a population of about 10,000,000 were on relief, as compared with the 1,202,844 a year before. The general economic index for the week ending Aug. 18 was the highest since January, 1933. Carloadings for the week ending Aug. 25 broke through the corresponding figures for 1933 and 1932 to surpass those of 1931, despite a harvest which was only 63 per cent of normal. Foreign trade for July, with exports worth $56,787,000 and imports worth $44,146,000, was down from June, but well above 1933. Obviously social and economic dislocations will accompany reviving prosperity and time and effort will be required to iron them out.

Cuba and the Good-Neighbor Policy

By CHARLES W. HACKETT
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THE Roosevelt Administration continues to show concrete proofs of the sincerity of its "good-neighbor" policy toward Latin America, and particularly toward Cuba. Its refusal, during the disorders that followed the fall of former President Machado, to invoke the Platt Amendment was followed last May by the elimination of that disturbing factor in Cuban-American relations. The new treaty then signed gave Cuba its full sovereignty for the first time.

But Cuba, though sovereign, continues to be racked by political turmoil and by violence, and this unhappy condition is mainly due to economic conditions. While keeping American as well as Cuban interests in mind, our State Department negotiated and on Aug. 24 signed with Cuban representatives a new trade agreement. Ratified by the Cuban Cabinet on Aug. 27, it is the first reciprocal commercial treaty to be negotiated under the authority of the Trade Agreements Act passed by Congress on June 12, 1934.

Secretary of State Hull explained that the agreement was designed "to restore the once flourishing trade between the two countries, now reduced to a fraction of its former amount." How much this trade suffered can be seen from the fact that it declined from $493,836,000 in 1924 to $79,786,000 in 1933. During the same period the value of American exports to Cuba fell from $191,571,000 to $22,694,000. Even if all possible allowance be made for the ravages of the world depression, these declines must be regarded as abnormal.

Under the agreement Cuba makes concessions in regard to 426 items of United States origin, granting duty reductions and preferentials of from 20 to 60 per cent. In return the United States grants large tariff reductions to the chief Cuban products—sugar, rum and tobacco—and makes seasonal reductions in the rates on fresh fruits and vegetables.

Dr. John Lee Coulter, former member of the United States Tariff Commission, estimates that the concessions accorded to Cuba should add about $50,000,000 to the island's income during the first year.

Labor troubles meanwhile continued to disturb Cuba late in July and throughout the month of August. On July 29, 5,000 omnibus workers went out on strike in Havana in protest against the frequent arrest of many of their number and the discharge of some of those arrested. A dispute on Aug. 2 among members and directors of the Street Car Motormen and Conductors Union over the allotment of 100 jobs then available with the Havana Electric Railways Company culminated in a shooting in which four men were wounded.

The American-owned Cuban Telephone Company on Aug. 8 surrendered its $28,000,000 properties to the Cuban Government on the ground that it was unable to operate them because of the government's insistence that it

re-employ 256 leaders in a recent strike against the company. Government representatives at once took charge and started operation of the utility. But government operation proved expensive, for on Aug. 18 an emergency appropriation of $127,260 was voted by the Cuban Cabinet to meet the August expenses of the company. Receipts of the company up to the time the government took charge had decreased so much that it had been necessary to obtain funds from the United States in order to continue operations.

A strike of employes of the Department of Communications on Aug. 11 tied up mail service and government telegraph service in Havana and the army was obliged to take over the main post office. The employes had demanded the restoration of the seniority system, the dismissal of several chiefs of departments who had been followers of former President Machado and the payment of three months' back salaries. An ultimatum to the striking employes to return to work or be discharged expired on Aug. 14. About 20 per cent returned to their posts, but the strike continued to paralyze the mail and telegraph service of the island. On Aug. 21 Cuban railway employes refused to transport mail handled by strike-breakers or troops after noon on Aug. 22, and progressive sympathetic strikes of twenty-four hours each were voted by thirty-two unions. Among those affected were stevedores, tobacco, textile and omnibus workers and truck drivers.

As the walkout and sympathetic strikes were causing immense losses to trade and industry, President Mendieta instructed Secretary of the Treasury Gabriel Landa on Aug. 26 to bring about a settlement "at any cost." Secretary Landa at once began conferences with strike leaders. An early settlement was predicted on Aug. 28 after Dr. Miguel Suarez resigned as Minister of Communications. Ill feeling had existed between Dr. Suarez and the striking employes.

Political meetings early in August were in some cases accompanied by violence. The army on Aug. 3 took over the town of Madruga, forty miles from Havana, because of disorders attending the first meeting of the Liberal party since the overthrow of former President Machado, who last headed it. The same day one man was killed in Pinar del Rio Province when followers of ex-President Menocal met to discuss political matters. On Aug. 5 an excursion train carrying 300 followers of former President Ramon Grau San Martín, returning from a political rally, was deliberately wrecked in Northern Santa Clara Province.

A minor mutiny in the Cuban Army was quickly crushed on Aug. 28. The following day two of the leaders, Major Echevarria, 32, and Captain Agustin Erice, 28, were convicted of high treason and sentenced to death. The verdict was approved by Colonel Fulgencio Batista, Chief of Staff of the Cuban Army and a close friend of the condemned men, and by President Carlos Mendieta, but the President stayed the executions until the forthcoming Constituent Assembly shall have settled the question of the death penalty in Cuba. President Mendieta himself opposes capital punishment.

A Cabinet crisis completed the picture of Cuba's recent social, economic and political troubles. On Aug. 17 Dr. Daniel Compte, Secretary of Public Works, and Dr. Santiago Verdega, Secretary of Public Health, presented their resignations to President Mendieta. Both men are members of the National Democratic party, headed by former President Menocal, who, in a

recent letter to President Mendieta, threatened the complete withdrawal of his party from the government. When the resignations were accepted on Aug. 18, the Mendieta administration was left with the support of only two parties—the Nationalists, headed by President Mendieta, and the followers of Dr. Miguel Mariano Gómez, Mayor of Havana, who is a member of the Cabinet.

Steps were taken early in August by the Cuban Government to secure the extradition of prominent leaders of the late Machado régime. On Aug. 3 a request for the arrest of former President Gerardo Machado was made to the Dominican Government. Two days later the detention of General Alberto Herrera, Chief of Staff of the Cuban Army during the Machado régime, was likewise requested.

Three Americans were arrested in Havana on Aug. 4 as gun runners and were held incomunicado in Principe Fortress. The men were Frederick H. Willcox, Basil A. Needham and Colonel Arthur W. Hoffman, all of New York City. Four days after their arrest, ten Cubans, representing different political and revolutionary factions, visited the Department of Interior and appealed for their liberation. They particularly desired the release of Hoffman on the ground that he had aided the revolutionaries against former President Machado. A decree ordering the deportation of Willcox and Needham was signed by President Mendieta on Aug. 9; Hoffman was liberated and permitted to remain in Cuba.

For the first time in the history of Cuban journalism Sunday afternoon and Monday morning newspapers failed to make their appearance on Sept. 2 and 3. This was due to a decree issued late in August to assure newspaper men of one day of rest each week. The decree also prohibits radio broadcasting of news over the 24-hour period.

A series of moratoriums and deferred payments on the obligations of sugar mills, railroads, public service groups, farms and private homes was decreed by the Cuban Cabinet on Aug. 14 in an effort to rehabilitate the island's business.

MEXICO'S MINIMUM WAGE LAW

Less than eight months after Mexico's minimum wage law went into effect President Rodríguez felt in a position to boast of its successful operation. Late in August he asserted that the law had already benefited 2,500,000 agricultural and industrial workers and that the purchasing power of the public had increased by 1,500,000 pesos daily since it went into effect. By this law, which became operative on Jan. 1, 1934, Mexican workers—who are already protected by a liberal labor law which gives them the rights of collective bargaining, of union organization, of appeal to labor courts and generous compensation for unjust dismissal—are assured a minimum wage of from one to three pesos daily, depending on the type of employment and the section of the country. A minimum wage of three pesos is fixed for workers in various industries and in mining and petroleum districts. A report from Mexico City on Aug. 23 that Mexico's principal industries were enjoying a period of prosperity reminiscent of boom times would indicate that these industries have not suffered because of the increased labor costs established by the law.

The most severe of all Mexican laws limiting the number of Catholic priests was passed in the State of Morelos on Aug. 24. After Sept. 1 only one priest or minister of any re-

ligious sect might officiate for every 75,000 inhabitants. Furthermore, each such person must be registered by the State and must express in writing his oath to observe the terms of the Mexican Constitution. He must prove that he is a Mexican by birth, that he is enjoying full health and that he has never participated directly or indirectly in armed movements against governmental institutions. Heavy penalties are provided for infractions of the law. The framers of the law justify it as the only means of combating Catholic tactics against Mexican revolutionary principles.

MARINES LEAVE HAITI

The military intervention of the United States in Haiti, which began in 1915, was terminated in August. Half of the marine brigade in Haiti sailed for the United States on July 28—nineteen years to the day after the landing of marines there. The remaining detachment of marines embarked on Aug. 15.

EL SALVADOR'S TARIFF POLICY

Reciprocity as the keynote of the future tariff policy of El Salvador was formally announced in an executive decree late in July which put into effect a law providing for flexible rates to be determined by the President. On the principle that it is considered equitable to distribute imports in accordance with purchases of El Salvador's export products, three classes of tariffs—a minimum, a medium and a maximum—were established. The minimum tariff will apply to the countries which buy products of El Salvador in quantities equal to or greater than those which El Salvador buys from them. The medium rates, which will be 15 per cent higher, will apply to countries that buy products of El Salvador that amount to at least 25 per cent of their exports to El Salvador. Maximum rates, which will apply to all countries which purchase from El Salvador less than 25 per cent of their sales to El Salvador and to countries that buy no products of El Salvador, will bear a surcharge of 20 per cent. Considerable discretion is allowed the President in establishing tariff rates. For special reasons and in cases of necessity he may, with the approval of the Cabinet, apply the minimum rates to countries whose trade would classify them in the medium and maximum grades. The President may also apply either the medium or maximum rates to countries that enact tariff laws having an adverse effect on Salvadorean products or that restrict their importation.

LABOR TROUBLES IN COSTA RICA

A strike of banana workers on the east coast of Costa Rica virtually paralyzed the banana industry in that country during August. The strike began as early as Aug. 10 and within ten days 7,000 laborers were idle. The cancellation of the sailing of a banana ship to Puerto Limón on Aug. 11 because of the strike was estimated to have cost Costa Rican planters $25,000. Acts of sabotage were committed but there were no clashes between the strikers and the police. A settlement was finally reached on Aug. 28 after a conference attended by a committee of workers, representatives of the planters, the Minister of Government and Labor, and Manuel Mora, a Communist Congressman. The agreement calls for an eight-hour day and wages of about 15 cents an hour, with higher rates for special types of work.

Colombia's New President

By HENRY GRATTAN DOYLE

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WITH impressive ceremonies held at Bogotá Dr. Alfonso López, leader of the Liberal party, was inaugurated on Aug. 7 as President of Colombia. His installation as Chief Executive, following his overwhelming victory in the elections of last February, was the second peaceful transfer of executive power in Colombia since the revolutionary cycle in South America began four years ago. During that cycle only Venezuela, under the firm hand of General Gómez, has shared with Colombia a record of freedom from political overturns, revolutions and enforced transfers of administrative functions. But Venezuela is the outstanding example of the "strong-man" type of government in Latin America, while Colombia can match Venezuela's twenty-six years of Gómez rule with thirty-two years of constitutionalism.

Dr. López succeeded Dr. Enrique Olaya Herrera, former Minister to the United States, who had been chosen as a coalition President in 1930. Dr. Olaya Herrera's term had been marked by some success in solving an almost hopeless financial situation, by marked progress in road building and other public works and by the peaceful settlement of the Leticia controversy with Peru. His popularity was attested by a great demonstration in Bogotá on the eve of his leaving office.

The new President, Dr. López, has a reputation as a financial expert and a diplomat. He headed the Colombian delegation to the World Economic Conference in London in 1933 and was chief Colombian delegate at the Pan-American Conference in Montevideo. His outstanding achievement has been the initiation of steps leading to the peaceful solution of the Leticia imbroglio. In this his personal friendship with President Benavides of Peru, dating from their common service as diplomatic representatives of their respective countries in London, was an important factor. Naturally, the new President is expected to throw the weight of his influence behind the settlement, which is awaiting acceptance by the Legislatures of the two countries. He is also expected to support the commercial treaty with the United States, which has also been presented to the Colombian Congress.

Dr. López faces determined Conservative opposition to his program in Congress. The Conservatives have refused to enter a coalition Cabinet and plan to attack particularly the protocol of Rio de Janeiro, signed on May 24, which ended the Leticia dispute. Their obstructionism is, however, not likely to succeed, for the treaty has been under consideration by a Senate committee since Aug. 9, and Leticia has been under Colombian sovereignty since June 19.

The new President has appointed a financial commission to study the government's financial condition, consideration of the budget for 1935 having been postponed until after the commission reports. How to meet the costs of war preparations during the acute

stage of the Leticia controversy is a problem. Since levies on coffee and gold have borne much of the burden, producers of these commodities have protested. A group in Congress has proposed a 20 per cent tax on all industries for national defense. The Ministry of War, in a report to Congress on Aug. 15, recommended a standing army of 12,000 men and suitable air and sea forces. The report points out that Colombia previously has maintained only three-quarters of 1 per cent of its population on a war footing, with expenditures of only 9 per cent of the budget for the purpose, as compared with an average of 4 per cent of the population under arms in other South American countries. The report recommends increasing this percentage to 1½ per cent, the level of Ecuador.

THE PRESIDENT OF ECUADOR

José María Velasco Ibarra was inaugurated as President of Ecuador on Sept. 1, the fifth President of that country since 1931. He was presiding officer of the Chamber of Deputies which forced President Martínez Mera out of office last year by repeated votes of lack of confidence. Since his election he has visited a number of the other South American countries, where he has preached inter-American solidarity and advocated an early settlement of Ecuador's boundary dispute with Peru. He has been well received in all the countries, including Peru, where he praised the efforts of President Benavides to solve this problem. Ecuador, it will be recalled, tried without success to have her claims in the "Oriente" considered by the conference at Rio de Janeiro which composed the difficulties between Peru and Colombia over the Leticia territory in the same general region.

The new President's domestic program includes a plan to divide and develop the great landed estates of Ecuador, now undeveloped, and other proposals for economic rehabilitation. He is on record as being opposed to State monopolies.

Nominally a Liberal Democrat, President Velasco Ibarra was elected by a coalition of Conservative groups with his own party. His chief difficulty will be the opposition of the Liberal groups, complicated by the tendency of Congress to usurp executive powers, a tendency which brought about virtual anarchy during the administration of President Martínez Mera.

PERUVIAN POLITICS

A new Peruvian Congress to replace the present Constituent Congress, elected in 1931, was to be chosen on Sept. 30. The most important matter to come before the new Congress promises to be the Leticia treaty with Colombia. Opposition to approval of the treaty by the present Congress has come largely from the Apristas, who hold that since the Congress has discharged its duties as a Constituent Assembly (the new Constitution was promulgated in April, 1933), it has unduly prolonged its functions and is usurping the functions of the bicameral Congress provided by Article 89 of the new Constitution.

The Apristas have also attacked the present Congress on the ground that it was illegally "dismembered" in 1932 and that 100,000 voters were thereby deprived of representation, while entire States, like Arica, lack representation. The Aprista statement claims that the Leticia difficulty arose because the Salomón-Lozano Treaty, under which Leticia was ceded to Colombia, was approved by a Peruvian Congress which, like the present body, did not represent the popular will. "Only after ample discussion and def-

inite sanction by a Legislature representing totally and authentically the people of Peru, will the treaty have juridical validity and full guarantee of permanence," according to the Apristas, who incidentally have consistently advocated a peaceful solution to the dispute.

SOUTH AMERICAN FASCISTS

The Argentine General Federation of Labor protested on Aug. 1 to the government against the activities of Fascist organizations in that country. According to the federation, there are no less than eight such organizations, most of them uniformed and armed.

On the other hand, a report to Congress by the Ministry of the Interior on Aug. 12 stated that more than 100,000 persons were arrested in 1933 charged with Communist tendencies, and that most of them were released because no laws exist under which such activities are punishable. Only 260 of those arrested were Argentine citizens, according to the report, which also claimed that there are 227 "subversive publications" in Argentina, of which 40 are printed in Russian, 33 in Yiddish, 2(in Ukrainian and most of the others in other foreign languages. The Argentine Supreme Court ruled on Aug. 11 that a person holding Communistic beliefs could not be naturalized.

Brazilian Fascists recently received a visit from a delegation of Argentine Fascists. The former, the "Green Shirts," claim a membership of 186,000 and are reported as declaring that "through our control of the teaching staffs of schools throughout the nation, we hold in our hands the future of Brazil."

THE CHACO CONFLICT

Recent Paraguayan gains in the Chaco, if held, not only threaten the Bolivian oil fields outside the "disputed region," but open the way for a Paraguayan flanking attack which may end disastrously for Bolivia. Needless to say there is no longer any threat to Paraguay's lines of communication by way of the Upper Paraguay River. The Paraguayans began the advance on Aug. 15 with the capture of Picuiba, and in the next ten days they captured eight positions from the Bolivians, including Forts "27th of November," Paucarpato, Irindague, Algodonal and Ibamirante. They advanced on Aug. 26 within thirteen miles of Carandaiti, and two days later launched a furious attack on Carandaiti itself. On Aug. 30 the Bolivian War Office claimed the offensive had been smashed and the Paraguayans driven in flight into the mountains. But this was directly contradictory to later Paraguayan reports.

Efforts to end the struggle through the mediation of neutrals seemed to have some prospect of success when on Aug. 31 it was announced in Buenos Aires that Paraguay had accepted and Bolivia was considering a proposal made by Argentina, Brazil and the United States for the cessation of hostilities. By Sept. 3, however, it was known that the irreconcilable attitude of the belligerents had nullified these efforts.

Ill feeling between Paraguay and Chile over charges that the latter was aiding Bolivia led to the withdrawal on Aug. 14 of the Chilean Minister at Asunción. Neutral governments, including that of the United States, were prompt in offering their good offices in composing the incident. Paraguay, in addition to previous complaints against the enlistment of Chilean officers in the Bolivian Army and the use of Chilean workers in Bolivian mines, has taken exception to the transporta-

tion of supplies to Bolivia through Chilean territory, although this privilege was guaranteed to Bolivia by Chile under a treaty signed in 1904.

The Chilean Chamber meanwhile has passed a bill, already adopted by the Senate, prohibiting the enlistment of Chileans in the military service of other countries. In a radio address on Aug. 17 President Eusebio Ayala of Paraguay by implication included Peru with Chile as a nation which because of its "benevolent" neutrality—a phrase allegedly used by President Salamanca of Bolivia—was favoring Bolivia, while Argentina and Brazil were observing a "strict" neutrality.

Dr. Felix Palavicini, Mexican publicist and former Mexican Minister of Public Instruction, added to the confusion by stating on Aug. 9 that Chile was backing Bolivia, that Argentina was supporting Paraguay, and that while Great Britain was aiding Argentina the United States was helping Chile. Chile had bought new airplanes, he was reported as saying, and had transferred her old ones to Bolivia, while Argentina had done the same for Paraguay. Dr. Palavicini also revived the old tale of Standard Oil support of Bolivia. The president of the Standard Oil Company of New Jersey a short time before had sent a long categorical denial of similar charges to the Secretariat of the League of Nations.

It was announced at Geneva on Aug. 21 that eighteen countries had joined the League of Nations arms embargo to the Chaco, Italy having signed on that date. Rumors have been current of violations of the American and other embargoes by munitions firms.

The Rehousing of Britain

By RALPH THOMPSON

MIDSUMMER in Great Britain, with Parliament in recess, was relatively uneventful. A dispute over railway workers' wages ended on Aug. 10 when the unions accepted a partial restoration of the pay cuts made in 1931. Lancashire, little appeased by prospects of increased trade with India, received the news of Australia's newly imposed duties on certain British cotton goods with ill grace. The gold reserve of the Bank of England late in August was the largest in history, and commodity prices stood higher than at any time during the past three years.

Of greatest interest, perhaps, was the renewed concern of Parliament with the housing problem before its adjournment on July 31. Great Britain has long sought to solve the problem, the Labor government in 1930 passing a bill which is the statutory base of the slum-clearance scheme now being carried out by local authorities. But the progress achieved has by many been considered unsatisfactory, and the widely read report of the Moyne Commission in 1933 gave grounds for definite criticism.

Lord Balfour of Burleigh in the House of Lords on July 18 proposed the provision of 1,000,000 houses renting at 10 shillings a week and under, in addition to slum clearance, and the establishment of a housing commission to oversee and coordinate the

work. Accusing the government of following no coherent plan, Lord Balfour declared that housing was the most important of all social services, that private enterprise had shown that it could not build dwellings of the required standard to rent at 10 shillings or less, and that the State should through the local authorities or the public utility societies subsidize or guarantee their erection.

Viscount Halifax, replying for the government, reviewed recent achievements and the policy which the government proposed to follow. The number of houses built up to March, 1924, was 86,000; up to March, 1934, 266,000. If the present rate were maintained, he pointed out, the total construction in the next ten years would far exceed the number declared necessary by Lord Balfour. A national housing commission might prove desirable, although the Ministry of Health seemed to be performing its functions efficiently.

A survey, included in plans for the future, of the number of families in need of better housing facilities would no doubt, Lord Halifax continued, serve as a more reliable guide than any such arbitrary figure as Lord Balfour had proposed. During the next five years more than 280,000 houses unfit for human habitation would be razed. In the Autumn the government would introduce legislation defining standards of accommodation and providing enough new houses to assure their observance. If private enterprise proved unable to cope with the nation's needs, the Ministry of Health would extend the powers of the local authorities or the public utility societies. Lord Balfour thereupon withdrew his motion.

The value of the public utility societies in building and reconditioning houses has long been recognized. Numbering about 250 at the present time, these organizations raise money through gifts and by the issue of bonds bearing low rates of interest and shares which at first pay no dividends. As the securities are not transferable in the ordinary way, they attract only those investors who can afford or are willing to tie up their capital.

The philanthropic character of these societies has prevented their contributing a great deal to the solution of the national problem. The Labor Party Policy Report on Housing, for example, practically ignores them, and in other quarters it is recognized that so long as they remain private organizations their usefulness is limited. But if, as is now proposed, the local authorities were to hand over to the societies blocks of housing work and allow them to build and manage the properties, much might be accomplished, particularly if the societies were to receive Exchequer subsidies now available to local authorities and were granted further funds raised on the security of local tax collections. As a first step, however, the societies would be federated, to enable the formation of new ones where they were needed and to eliminate the disadvantages of multiple control.

NEW BRITISH LAWS

Before the Summer adjournment of the British Parliament 55 of the 121 public bills introduced in the House of Commons received royal assent. These include such emergency measures as the Cattle Industry Act (discussed in these pages last month), the North Atlantic Shipping Act, the Unemployment Act, the Newfoundland Act and the Petroleum (Production) Act. The last named vests in the Crown the property rights in the petroleum and natural gas within

Great Britain and makes provision for its discovery and recovery. Denounced by certain Conservatives as a "gift to socialism" and a "stepping stone to the nationalization of all unworked minerals," the bill is nevertheless intended to encourage the search for oil and is said to guarantee to landowners full compensation for the surrender of surface rights.

Among the measures not yet on the statute book is the Incitement to Disaffection Bill, to be considered when Parliament reassembles on Oct. 30. The Coal Mines Bill was withdrawn after voluntary agreement was reached among mine owners, and the Tithe Bill, introduced in the House of Lords, was killed before it reached the House of Commons.

THE INVERGORDON MUTINY

The naval outbreak at Invergordon in September, 1931, was discussed in the House of Commons on July 31 when Admiral of the Fleet Sir Roger Keyes called attention to the "grave injustice" done to Admiral Wilfred Tomkinson, then in command. The British Government, it will be recalled, reduced the pay of the sailors, and as a result, there was "some disturbance on shore in the canteen," to use a reporter's cautious phrase. Admiral Tomkinson was relieved of his post and his command of the Battle Cruiser Squadron was curtailed by eight months. Sir Roger maintained that the Admiral's treatment had been unjust and that his case had not been submitted to a properly constituted inquiry.

Sir Bolton Eyres-Monsell, First Lord of the Admiralty, replied in somewhat shocked tones that the mutiny had heretofore never been discussed in public, but since Sir Roger had raised the question, he would say that the Board of Admiralty had held **it necessary to pay off the men on th mutinous ships and give the ships a entirely fresh start.** For the same rea son the commanding officer was re lieved of his appointment and denie another post. This had been the deci sion of the Sea Lords of the Admir alty, the supreme court of the Navy from which "there is no appeal what soever."

SOUTH AFRICAN FUSION

The existing coalition of the tw main political parties in South Afric will apparently in a short time b transformed into complete fusion. Onc that is accomplished, a general elec tion may be held to obtain a mandat for government along fusion lines There are those, however, who believ that no election is necessary becaus of the large majority obtained at th last election when the issue was th sinking of party differences.

Recent party congresses have o the whole resulted in overwhelmin support for fusion, although the Na tionalists in the Cape Province on Jul 26 rejected the idea and gave thei support to Dr. Malan. General Hertzog won a victory on July 31 when only 2 per cent of the Free State Nationalist delegates refused to follow him int the new United party, and the Transvaal Nationalists on Aug. 8 likewise showed their approval. South African party congresses held in the four Provinces during August enthusiastically greeted fusion in the person of General Smuts.

Since the Nationalist dissenters led by Dr. Malan and the South African party dissenters who follow Colonel Stallard are of course themselves unable to come to any agreement, opposition from these groups is not likely to be important. It is felt that Dr. Malan, with his demands for republicanism and open hostility to Great

Britain and English-speaking South Africans, can make no effective appeal to the Afrikanders, and that few of the English will venture with Colonel Stallard along a path which may lead to open hostility among white South Africans.

POLITICS IN INDIA

With elections to the Indian Legislative Assembly fixed for November, the central figure in the political activity of the country is once more Gandhi, who is engaged in yet another attempt to bring together the divergent elements of his vast following and to direct Indian nationalism so that political autonomy may be attained. But dissension within the National Congress party itself has endangered the whole problem of constitutional reform, and a particularly ominous split has taken place with the defection of orthodox Hindu elements under the leadership of Pandit Malaviya, former Congress president. More or less united in their dissatisfaction with the White Paper now under examination by the British Parliament, the Congress groups have nevertheless fallen out over the question of communal representation.

The particular point at issue is the communal award made by Prime Minister MacDonald in 1932 when the Indian religious communities failed to reach an agreement among themselves. Fixing the proportions of representation in the Provincial Legislatures and the methods of election, this award, with its more recent modifications, has been supported by the Moslems and other Indian minorities. In June the Congress Working Committee, in order not to alienate these minorities, passed over the award in noncommittal fashion and declared it not an election issue. Thereupon the Malaviya faction, which advocates rejection of the award, raised a strong protest, and "in defense of Hindu political rights," the Pandit and M. S. Aney resigned from the Congress Parliamentary Board.

Gandhi was able to persuade the two leaders to withdraw their resignations by promising that their objections would be reconsidered. But on July 28 they resigned again, and on Aug. 18 the first conference of a newly formed Nationalist party assembled in Calcutta. Pandit Malaviya, proclaiming that his group was not in revolt against the Congress party, but rather attempting to rehabilitate Congress principles, announced that Nationalist candidates would run in the forthcoming elections, and called on all loyal Hindus to lend their support.

Not religious antagonisms alone confront Gandhi. There are still many Indians who oppose legislative activity and advocate the civil disobedience and non-cooperation which, for the time being at least, they have been asked to give up. There are also the Congress Socialists, some opposing parliamentary methods, who are trying to force their doctrines upon the party councils. To these doctrines Gandhi is definitely opposed, although he still tries to compromise. Speaking at Ahmedabad early in July, he explained once again that the Socialist program would lead to a violent class struggle and hence fell outside Congress party philosophy. He admitted, however, the desirability of organizing workers and peasants.

Two recent events symbolize the tenseness which persists in Indian political circles. A few minutes before a motor car in which Gandhi was riding arrived at a celebration in Poona on June 25 a bomb exploded and severely wounded seven persons. This attempt on his life was attributed to Sanatanist terrorists, reactionary Hin-

dus who are unalterably opposed to Gandhi's fight against untouchability. Shortly before he arrived to address a meeting at Ajmer on July 5 a group of Reformists clashed with a body of Sanatanists so fiercely that Pandit Lalnath, the Sanatanist leader, was injured.

In the course of his speech that day Gandhi chided those of a religious organization who would resort to violence, and later he declared that "after much searching of the heart" he would fast for seven days, beginning on Aug. 7, in expiation of the crime. This announcement created some stir, for by this time, after Gandhi's repeated fasts, even Indian commentators begin to doubt the effect of such penance. One observer, in fact, declared that the action could make no impression and that it was inspired by a "morbid sense of duty."

To turn to another aspect of Indian politics. On July 26 the Communist party of India was outlawed. Recent Bombay strikes and riots and disorderly village meetings in the Punjab seem to have convinced the British authorities that the Communists endangered the always-precarious national peace, and consequently it has been ordered that any one directing the party or promoting its meetings is liable to three years in prison, while any one taking part in meetings or aiding the party financially is liable to a six months' term.

Opposing the tenets of both the Hindu and the Moslem religions and despising the so-called bourgeois nationalism of the Congress leaders, Indian communism had nevertheless made considerable headway during the past fifteen years. In 1924 four members of the party were convicted of sedition, but the formation of workers' and peasants' groups continued, and in 1929 about thirty persons, including two Europeans, were placed on trial for seditious conspiracy. The Leftist elements in the Congress, however, have welcomed the aid of Communist propaganda and organization as a means of weakening the power of the government, while less radical but none the less socialistic Congress adherents have learned from communism the means of combating what they feel to be the too-conservative Centrist leadership of Gandhi and his fellows.

MALTESE LANGUAGE DECISION

The British Government on Aug. 21 issued letters patent declaring the official language of the courts in Malta to be Maltese. English will be used if a party to a case does not understand Maltese, and Italian only in the rare event that neither Maltese nor English is understood. To this decree Maltese Nationalists and other Italian sympathizers have taken violent exception.

Malta has long been torn by opposing factions, with matters of language and religion the major issues. Constitutional government was suspended from June, 1930, to March, 1932, and again in November, 1933, after the Ministry headed by Sir Ugo Mifsud was said to have evaded a ruling barring the use of Italian in elementary schools. Control of the island is at present vested in the Governor.

The reaction in Rome to the latest British move was sharp and highly critical. The British contend, however, that not more than 15 per cent of the Maltese population is familiar with Italian and that persons have a right to be tried in a language they understand.

The Deepening Crisis in France

By E. FRANCIS BROWN

At the end of the Summer neither the political nor the economic outlook in France was one to inspire much confidence in the future. The Doumergue government, though safe so long as Parliament was not in session, was not destined for a long life—at least such was the contention of many observers. The echoes of the Stavisky affair had not yet died away and continued to disturb French politics. Moreover, a steady succession of economic mishaps brought the grim realities of the world depression uncomfortably close to the citizens of the Third Republic.

Evidence of the continuing economic crisis was to be found on all sides. For example, revenue receipts for the second quarter were nearly 10 per cent below the budget estimates and 3 per cent less than the total for the same period of 1933. Customs returns fell 390,000,000 francs, reflecting the steady decline in French foreign trade.

For the first seven months of 1934 foreign trade was approximately 3,000,000,000 francs below the same period of 1933. Moreover, in July the figure for both imports and exports touched a new low with a total value of 363,000,000 francs. Trade with the colonies, however, was maintained at a relatively high level, accounting in July for 27 per cent of all French foreign commerce. With the decline in the total value of French foreign trade came an improvement in the unfavorable balance. Yet this very improvement was bad in itself since it was at the expense of imports. In France, a nation which imports raw materials for manufacture into finished goods, any fall in imports is likely to indicate reduced domestic business.

Largely because of the adverse trade figures, agitation for devaluation of the franc was again being heard in France. Paul Reynaud, a former Finance Minister, has long advocated devaluation as a method for restoring prosperity to the export and tourist trades. In a letter to the *Temps* on Aug. 28, he argued that French prices could not remain far above world prices without bringing disaster to the nation. Since deflation, he contended, would be equally disastrous, devaluation was the logical plan to adopt. M. Reynaud undoubtedly represented the views of important exporting interests. Professor Roger Picard of the Paris Law Faculty, writing in *Les Echos*, demonstrated that, compared with Great Britain and the United States, French costs were so high that French producers were all but excluded from the world market. He showed that the price of steel, for example, fell 30 per cent in the United States and Great Britain between 1932 and 1934, but remained stable in France. Wherever French producers had some advantage, this was generally lost as a result of the devaluation of the dollar and the pound.

As would be expected, the conservatives in French financial and industrial circles opposed tinkering with

the currency. The official attitude was set forth in the *Temps*, which declared that "there is no other reasonable policy to be followed but the policy of deflation upon which we are now engaged."

Deflation, on the other hand, as American experience testifies, may carry in its train certain social factors which ultimately make the pursuit of that policy impossible. Moreover, even the Doumergue government with its insistence upon economy, a balanced budget and all the rest of the paraphernalia of orthodox economists has been obliged to violate some of the precepts of deflationist philosophy.

One of these violations—the scheme of wheat control—is an inheritance from previous post-war governments. Imbued with the belief in national self-sufficiency, France in the years after 1918 sought to make herself independent of other wheat-producing countries. This goal was reached by granting what amounted to a subsidy to wheat-growers through fixing an official price and restricting imports of foreign wheat. The protected price caused living costs to mount, much to the dissatisfaction of the urban population. This year another difficulty has appeared in the form of a wheat surplus of about 110,000,000 bushels. Not only is there a real problem in disposing of this surplus abroad, but its very existence has induced farmers and millers to disregard the fixed price in favor of sales regulated by the law of supply and demand. New government measures will be necessary to prevent demoralization of the wheat market.

In another quarter the French government has gone counter to deflationist theory. The National Commission of Public Works to Reduce Unemployment, which has just begun to function, contemplates spending about 10,000,000,000 francs on various public works projects. About half the sum will be spent in and about Paris—for highways, subway extension, railway electrification and bridge construction—since the capital accounts for approximately half of France's 312,000 registered unemployed. The remainder of the appropriation will be spent in the larger French cities and the industrial regions of northern France. Though official figures place French unemployment at 312,000, unofficial estimates are much greater. In this regard it is worth recalling Lloyd George's words in a recent article in the French financial paper, *L'Information*. "One can never find," he said, "any authentic and exact information on the number of French workmen in employment or on the production of French factories or in the reports of French banks."

This public works scheme is not being financed directly from the national treasury. Instead money at a low rate of interest is loaned to the municipalities and departments from the Social Insurance Fund. The Marquet Plan, as this entire project is called, includes provision for the eight-hour day, limitation of overtime and the elimination where possible of labor-saving machinery.

Without any fanfare, the Doumergue government has pursued the generally conservative policies which it has made its own since the political crisis last February. Late in August, when the Ministers returned to Paris from their vacations, the government's attention was directed to the problem of balancing the 1935 budget. Public expenditures, it was estimated, would be reduced to 47,000,000,000 francs—4,000,000,000 below the total for 1934. Such retrenchment is necessary if the government is to adhere to its determination to avoid increased taxation.

There is a real question, however, whether the Doumergue government will survive to push its budget through Parliament. The political truce which placed Gaston Doumergue in the Premiership was nearly broken in July (see September CURRENT HISTORY, page 726) and may be definitely disrupted when Parliament assembles. Should the government fall, it is believed that Parliament will be dissolved and new elections ordered.

An electoral campaign at the present time might well unleash the unrest which pervades France. Differences between the Right and the Left have become increasingly pronounced during the past year. Albert Sarraut, Minister of the Interior, told Parliament late in July that since February there had been 1,100 occasions in Paris alone when police had been called to preserve order. And most of these clashes were political in nature.

The growing sentiment of the Left against the Right, or vice versa, is manifest in the compact between the French Socialist and Communist parties pledging a united front against fascism. On Aug. 20 the French Communist party announced that at the local elections in October their candidates would retire in favor of Socialists on the second ballot whenever such action would serve to defeat a "Fascist" candidate.

Although the fundamental weakness of the Doumergue government stems from the nation's economic situation, the aftermath of the Stavisky scandal is not without importance. Public opinion has never been satisfied by the investigations into the notorious Stavisky's relations with men in public life. Nor has the mystery surrounding the death of Magistrate Albert Prince done anything to increase public confidence in the government's ability or willingness to disclose all the facts relating to the Stavisky affair.

M. Prince, it will be recalled, was found dead on the railway tracks near Dijon on Feb. 21. Had this man, who was expected to be an important witness in the Stavisky investigations, committed suicide or had he been murdered? The Prince family from the beginning denied that his death had resulted from suicide. In one account of the entire scandal it was alleged that M. Prince was murdered by the Carbonari, a secret society connected with Freemasonry, because he knew the identity of Stavisky's protectors. Former Premier Camille Chautemps and Henri Pressard, former Procurator General, have been accused by the son of the dead magistrate of having instigated his murder. Meanwhile, the Minister of Justice refused to publish a police report upon the death of M. Prince. According to seemingly authentic accounts this report found no motives for murder and no conclusive evidence of suicide. In other words, the death of M. Prince, like other episodes in the Stavisky melodrama, remains unsolved; and public suspicion of complicity in high places continues.

RACIAL STRIFE IN ALGERIA

Riots between Arabs and Jews in Constantine, Algeria, at the beginning of August took the lives of twenty-seven Jews and caused extensive property damage. Clashes on Aug. 3 were regarded as unimportant, but two days later rioting on a larger scale broke out, catching the police unawares. Order was restored after Senegalese troops had been rushed to the city and martial law proclaimed.

The causes of this outburst of racial strife go back through centuries of hostility between Jew and Arab. In ordinary times, however, the two

peoples live peacefully side by side, the one occupied by shopkeeping and money-lending, the other by farming. But the times have not been kind to agriculturists. Economic misery apparently stirred the Arabs to settle old scores and wipe out old debts with Jewish merchants and money-lenders.

Trouble in Algeria is not unrelated to affairs in France proper. For example, it has been alleged that had the police in Constantine not been lax and inefficient they would not have been caught off guard when disturbances began. The moderate *Journal des Débats* blamed the riots upon Communist agitation among the Arabs. The Socialist *Populaire*, on the other hand, declared that "the bloody events at Constantine * * * were provoked by French Fascists and reactionaries." The government, after clamping the censorship on news from Algeria, dispatched a committee to investigate the disorders. But unrest and resentment did not die away and the indications were that the Algerian problem would become an issue in French politics.

BELGIAN BANKING REFORM

Belgian business, seriously hampered by tariffs, quotas, excessive taxation and burdensome interest rates, has found cause for new hope in recent governmental action. The Cabinet in August outlined a scheme for radical banking reform, the first move under the powers granted by Parliament on July 20. (See September CURRENT HISTORY, page 728.)

The banks of Belgium became frozen as a result of too extensive commercial loans in a period of declining business activity. This in turn led to high interest rates, often as much as 9 per cent, on new loans. Since such rates exceed what most business can bear, loans have not been made and industry has been correspondingly handicapped.

To release these frozen credits the Société Nationale des Crédits à Industrie has been empowered to take them over from the banks in exchange for government-guaranteed bonds carrying 3 per cent interest. Though the banks thus stand to lose considerable interest they will gain in liquidity. The Société Nationale, however, will reduce the rate on industrial debts which it assumes to 4½ per cent. This operation, which resembles in certain respects those of the RFC in the United States, has not been too pleasing to bankers, although many banks are in a position that gives them little choice in the matter.

The government has also decided that henceforth banks shall not engage in both purely banking practices and commercial transactions. A bank must decide whether it is to continue as an institution for the granting of credit or as an agency for the sale of bonds and the conduct of commercial transactions.

Presumably the government will next seek to alleviate the tax burden. The need for a reform of this nature has been dramatically set forth by the Belgian Licensed Victualers Association. The association has distributed in many foreign countries posters which warn travelers against coming to Belgium, "the land of prohibition and innumerable vexations, with taxes on hotel rooms, visitors' tax and other bothersome regulations." The victualers are said to be particularly angry over Parliament's refusal to permit restaurants, hotels and cafés to sell liquor. Meanwhile, the Belgian hotel industry, which at the beginning of the Summer was in the doldrums, has had a minor boom because of the large number of German émigrés passing through the country.

Hitler Holds a Plebiscite

By SIDNEY B. FAY

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IN preparation for the plebiscite of Aug. 19, in which the German people voted on Hitler's combining in his own person the offices of President and Chancellor, all the Nazi oratorical artillery was brought into action. Goebbels and Goering flew about and made numerous speeches. Dr. Schacht, newly appointed Minister of Economics, declared that "Chancellor Hitler's mighty accomplishments for the State and for the nation's business give him the right to rule and make it our duty to ease his enormously difficult task. He understands economic and financial problems through that great unpretentiousness and simplicity which always astonishes us and which conquers all theoretical objections." Reich Bishop Mueller issued a manifesto calling attention to "the great National Socialist movement which we devoutly regard as sent by merciful Providence." Victor Lutze, Ernst Roehm's successor as head of the Storm Troops, declared: "The German people feels itself at one with the *Fuehrer* [Leader], who in turn fights for the poorest son of the people."

Chancellor Hitler himself spoke several times. In an interview published in the London *Daily Mail*, he emphasized his peaceful intentions. "We ask only that our present frontiers shall be maintained. We shall never fight again except in self-defense." He said that he had repeatedly assured the French that once the Saar question was settled there would be no further territorial differences between France and Germany. Germany had further proved her peaceful intentions by completing a pact with Poland, and she had no intention of attacking Austria. His main speech was at Hamburg on Aug. 17. Here he explained that it was foreign hostility and predictions of trouble which had forced him instantly to assume the powers of President upon the death of von Hindenburg. Otherwise, he said, he should have chosen another way—an appeal to the people.

Shortly before the plebiscite President von Hindenburg's political testament was published. This reviewed his life from the fall of the Kaiser to within a couple of months of his death. In the closing paragraphs he paid a tribute to National Socialism and Hitler: "I thank Providence for permitting me to see in the evening of my life the hour of recovery. * * * My Chancellor, Adolf Hitler, and his movement have taken a decisive stride of historical importance toward a great goal of leading the German people to inner unity regardless of differences of rank and class." Some foreign newspapers hinted that these last paragraphs had been fraudulently added, but Herr von Papen gave his word that the testament had been entrusted to him by the late President to deliver into Hitler's hand.

The results of the plebiscite showed that as usual Hitler was able to get out a far greater percentage of the voters than is ever possible in the United

States, even in national elections. Of about 45,000,000 qualified voters, 43,-500,000 went to the polls. Of those who voted, 89.9 per cent endorsed the Chancellor's action in assuming the powers of President. But 4,250,000 Germans—9.8 per cent of the total—had the temerity to vote in the negative, while 872,000 invalid ballots caused by writing in comments or by other irregularities indicated further opposition. As compared with the plebiscite of Nov. 12, 1933, after Germany's withdrawal from the League of Nations, the opposition vote had doubled, rising from almost 5 per cent to almost 10 per cent. In both cases the invalid ballots were about equal and would tend to increase slightly the opposition vote.

The doubling of the opposition vote was what might have been expected in view of the executions in connection with the Roehm "plot," the Nazi conflicts with the Protestant and Catholic churches, the unfavorable balance of trade and other economic difficulties. The heaviest "yes" vote was registered in the agricultural districts, especially in the eastern provinces, an indication that the peasants are more subject to propagandist influences or that they are tolerably well satisfied with the Hereditary Homestead Law and the elaborate price-fixing arrangements for agricultural produce.

In the large cities, where there are more former Communists and Socialists, the vote was much less favorable. Cologne gave the lowest affirmative percentage of 78.7; Hamburg, the former home of the Communist leader, Ernst Thaelmann, and the place selected by Hitler for his last and most important campaign speech, came second with an affirmative percentage of 79.5; Berlin was third with 81.5. But it was not merely the working-class element in the cities that increased the opposition vote; in one of the districts of West Berlin, inhabited mainly by well-to-do business men and intellectuals, the "yes" vote was only 840 while "no" and invalid votes totaled 351.

PROTESTANT CHURCH CONFLICT

Disputes between the Nazi Christians and their opponents have continued during recent months. Reich Bishop Mueller and his legal assistant, Dr. Jaeger, have proceeded in the work of persuading most of the official Evangelical provincial churches to dissolve their old organization and join with the new Nazi National Evangelical church controlled by the Nazi Christians. In each case where this was accomplished a new provincial Bishop took an oath of loyalty to Dr. Mueller and promised to facilitate the completion of a constitution for the new national church. In a conference with Chancellor Hitler on July 18, Dr. Mueller was able to state that 22 of the 28 provincial Protestant churches had been united under his authority.

Unification and pacification, however, were not so complete as these official statements might seem to indicate. Among the six provincial churches still uncoordinated were those of Bavaria, Wuerttemberg and Baden. In the case of the 22 coordinated churches, moreover, there were the considerable dissenting minorities which seceded or absented themselves from the meetings at which coordination was voted. On June 1, these dissenters met at Barmen in Westphalia and organized an independent Confessional Synod of the German Evangelical Church, or Free Synod.

The Free Synod declared that the new organization was "the right and lawful Protestant Church in Germany." It claimed to have one-third of the 18,000 Protestant pastors of Germany on its side, and took direct

issue with the theory that the National Socialist revolution was a revelation of divine will. It asserted that the church is not justified in assuming worldly forms, and that it cannot serve political leaders without endangering its own usefulness to society and the State.

This declaration marked a final split between the opposition Protestants and the Nazi church. On June 18 Dr. Mueller offered a compromise but it was rejected. On July 9 Dr. Frick, Minister of the Interior, declared that while the State had no intention of meddling in the internal affairs of the church, it could not permit continuance of the religious struggle, and that all further discussion in public meetings, the press, pamphlets and handbills was forbidden. This meant that only the Reich Bishop and the official Nazi church administration could issue public statements, and Dr. Mueller proceeded with the constitutional reorganization of the official Evangelical church.

In a National Synod held in Berlin on Aug. 9 Dr. Mueller and Dr. Jaeger sought to complete National Socialist control over the Evangelical church. All pastors, on pain of expulsion from their pastorates, were required to take an oath of obedience to Adolf Hitler and to act "in accord with the instructions issued by the German Evangelical church," that is, by Dr. Mueller, to whom the synod delegated all power of legislation. Following Chancellor Hitler's example in allowing his Cabinet retroactively to legalize his actions of June 30, Dr. Mueller received from the synod retroactive legalization of all his acts since he took office as Reich Bishop.

During the debate in the synod it was brought out that some 800 pastors had already been suspended from their posts or otherwise punished for opposing the official régime. The discussion on the required oath of submission brought forth bitter opposition from the dissenting pastors outside the synod and also from some members of the synod itself.

The opposition answered the action of Dr. Mueller s synod three days later by a fiery manifesto issued by the Council of Brothers, which represents the Free Church formed at Barmen and which is carrying on the fight for religious freedom started originally by the Pastors' Emergency League, now disbanded. The manifesto was directed primarily against what it termed the illegal assumption of authority by the Nazi National Synod and peremptorily rejected the series of laws it passed.

This determined attitude on the part of the two Protestant factions was probably most unwelcome to Hitler. On Aug. 17 Dr. Frick modified his decree forbidding discussion of Evangelical religious questions, and banned only partisan religious polemics. Three days later Dr. Mueller was said to have been warned by Herr von Beben of the Nazi party's Bureau for the Preservation of Cultural Peace that it might be well to abandon the program forced through the National Synod on Aug. 9, especially the required oath to the Reich Bishop.

The German church conflict formed one of the main subjects of discussion at the sessions of the Universal Christian Council on Life and Work. This body, meeting at Faroe, Denmark, during the last week of August and representing virtually the whole Protestant world, listened to severe attacks on Reich Bishop Mueller and his totalitarian principles, and then to counter-arguments by his delegate, Bishop Theodor Heckel. The discussion showed that all but Dr. Mueller's delegation agreed with the German

opposition pastors, and a set of resolutions defending freedom of discussion and government in church matters was passed. Despite the protest of Bishop Heckel, Dr. Karl Koch, head of the German Free Church Synod, was elected to membership, thus giving official recognition to the organization of the opposition pastors.

DANZIG TRADE SETTLEMENT

After six months of negotiations Danzig and Poland signed on Aug. 11 six agreements designed to end the trade war that had lasted for fifteen years. They were hailed with great satisfaction in both Poland and Germany as removing an element of danger in Eastern Europe and promoting the friendly relations recently established between the two countries which for centuries have been so hostile. The six pacts provide for a restoration of free exchange of goods between Danzig and the Polish hinterland. Tariff barriers are virtually removed. Danzig becomes an integral part of the territory embraced in the Polish customs régime, as originally contemplated in the Versailles treaty. Danzig retains its own customs office, but undertakes to execute faithfully the Polish customs regulations; the Polish offices in Danzig, which have caused so many conflicts, are to be withdrawn.

AUSTRIAN NAZIS PUNISHED

The Schuschnigg Cabinet proceeded vigorously during August against those implicated in the recent Austrian uprising and the assassination of Chancellor Dollfuss. Planetta and Holzwebel, ringleaders in the shooting, were summarily tried and executed on July 31. On Aug. 13 nine Vienna policemen were found guilty of participating in the attack on the Chancellery on July 25. Four were hanged the same day, two were sentenced to life imprisonment, two others to twenty years each, and one to fifteen years. On Aug. 7 a soldier was executed and an ex-army officer sentenced to life imprisonment.

The trial of fifteen men concerned in the attack on the Ravag broadcasting station began on Aug. 14. The accused claimed that they had been given automatic pistols the night before the putsch by a man who identified himself only as "Number 89" and told them to be at the broadcasting station at 1 o'clock the next day. They said they did not know beforehand who the leaders were and thought they were to take part in a peaceful occupation of the radio station so that an announcement of a change of government might be made. It will be remembered that they fought for several hours in resisting attempts to dislodge them. After a four-day trial the ringleader was sentenced to death and executed immediately. The rest were condemned to life imprisonment. In connection with uprisings in the provinces on July 25 several leaders who had caused the death of Heimwehr troopers or government officials were tried and either put to death or given long terms in prison.

Dr. Rintelen, who suddenly returned from his post as Austrian Minister at Rome three days before the revolt, is gradually recovering from a pistol shot. According to Colonel Adam, Austrian Commissar for Propaganda, the pistol shot was an attempt at suicide. Rintelen's wife, however, declared at the time that agents of the government had attempted to murder him. In any event, all his property in Styria was seized by the government on Aug. 18 after he had been charged with high treason.

Herr Apold, who was scheduled to be a member of the Rintelen rebel Cab-

inet, and who was director of the great Styrian Montan Mining Company and factories said to be associated with the German Steel Trust and to have been a centre of Nazi activity, was fined 349,000 schillings (about $83,000) to cover the expenses of suppressing the revolt in Styria. Several other local Nazis were fined lesser amounts. The vice director of the Montan Company visited Vienna to arrange for changes which would free it from pro-Nazi control.

The Vice Chancellor, Prince von Starhemberg, and other officials of the Schuschnigg Cabinet, stated that they were determined to deal energetically with any further Nazi threats. As evidence of their resolve to enforce Dr. Dollfuss's decree of death against any persons found in possession of explosives, two farm laborers were hanged in Vienna on Aug. 20. Major Fey, Minister of the Interior, was given wide authority to cleanse government offices and also private businesses of persons suspected of pro-Nazi leanings.

From the evidence—perhaps of dubious reliability given at the trials and from other sources, it appears that the Nazis had planned three revolts before that on July 25. The first was to be in July, 1933, but was abandoned because they could not count on enough troops joining them. The second was to be in the following November, the plot having been hatched at Passau, Bavaria, in a secret conference attended by Ernst Roehm, Theodor Habicht and other German Nazis. This was given up because sufficient arms had not been smuggled into Austria for the use of the rebels. The third was to be at the time of civil war against the Socialists last February, but did not take place because the proper orders were not given.

Another interesting fact is that the putsch of July 25 failed in part because the whole Dollfuss Cabinet was not at the Chancellery at the time the attack was made and so could not be seized. Dr. Schuschnigg, who was not in the building, is said to have telephoned to Mussolini for help, which may explain the speed with which Italian troops were rushed to the frontier. Major Fey is said to have received three warnings of an impending attack on the morning of July 25. The whole Cabinet may not have been in the Chancellery at the critical moment because they had merely separated for luncheon.

As a result of the new Cabinet's measures, the Nazis remained pretty quiet during the weeks after their putsch. Some of them interviewed by foreign newspaper correspondents asserted that they would try again later. Several thousand, including some wives and children, fled to Yugoslavia, set up a kind of armed camp just over the Austrian border at Maribor, and continued to breathe fire and hatred against the existing Austrian government. All Austrian Nazi legionaries in Germany were dispersed or transported to the north far from the Austrian frontier as an evidence of Chancellor Hitler's good faith.

Austria announced on Aug. 7 her readiness to receive Franz von Papen as German Minister to Vienna, and contrary to the exhortations of the French and Italian press, imposed no conditions. Von Papen arrived in Vienna a week later. The new Minister was received in Vienna very coolly by the public and press. There were hostile and suspicious articles in the newspapers of other countries who fear German influence at Vienna.

Chancellor Schuschnigg flew to Szeged and Budapest with his wife and secretary on Aug. 9 in response

to an invitation of the Hungarian Minister of Education to witness the open-air performance of *The Tragedy of Man,* by Emmerich Madach. Next day he had conferences with Premier Goemboes and other Hungarian statesmen. The visit was said to be merely for the purpose of continuing the friendly conferences which had been carried on by Dr. Dollfuss. French reports alleging that Dr. Schuschnigg discussed the question of a monarchical restoration were angrily denied by a Hungarian official: "It is always the same old game; whenever Austrian and Hungarian statesmen meet, rumors of a pending restoration of the Habsburgs are launched by certain Little Entente and French quarters."

Prince von Starhemberg made a surprise flight to Rome on Aug. 11. Although his ostensible purpose was to visit the camp at Ostia where some 200 Austrian youths were spending their vacation as the guests of the Italian government, he had a long talk with Mussolini. It was rumored that the Prince sought to make sure of Italy's continued support of Austrian independence and that he arranged for the official visit by Chancellor Schuschnigg to the Italian dictator which took place on Aug. 22.

These friendly relations are based in part on the aim of keeping Austria free from German control and of building up closer commercial ties between Austria, Hungary and Italy. Certain tariff reductions on goods passing between Austria and Italy were arranged earlier in the year, and an effort is being made to develop the Italian port of Trieste as a point for Austrian exports and imports instead of the German North Sea ports. In August the first ship to fly the Austrian flag since the war left Trieste.

Two changes in the Austrian Cabinet were made early in August. The Ministry of Justice, which had first been assumed by Dr. Schuschnigg in addition to the Chancellorship, was transferred to Dr. Karl Karwinsky; and Baron von Hammerstein was made Secretary of State for Security.

ARCHDUKE OTTO

Archduke Otto, son of the ex-Empress Zita and pretender to the Austrian throne, left his Belgian abode on Aug. 10 for a three weeks' visit to his relatives in Sweden. This gave rise to a crop of rumors concerning his restoration. Dr. Schuschnigg, though regarded as much more of a monarchist than Dr. Dollfuss, is also a careful and cautious politician. He is aware that a restoration in Austria would bring up the question of a restoration in Hungary also, and would probably meet with strong opposition from France and the Little Entente. Prince von Starhemberg and other Austrian officials emphatically stated that there was no truth in the rumors that the question of a Habsburg restoration had been discussed during Dr. Schuschnigg's visits to Budapest and Florence, and probably there is no immediate likelihood of the matter being seriously raised. Austria has never been a kingdom and can hardly aspire to recover her former imperial rank, though in theory she might reconstitute herself as a federation of Habsburg fiefs under a sovereign Archduke. Many legitimists, however, feel that it would be hardly fair to Otto to enthrone him when the country is still down in the depths, even if the difficulties and dangers involved in a restoration could be overcome.

Mussolini's War Talk

By William E. Lingelbach
Professor of European History, University of Pennsylvania

Close upon the heels of the political crisis in Austria, Mussolini again startled Europe by talking of war. Speaking to the general staff and the troops at the conclusion of the annual military manoeuvres, he said: "Nobody in Europe wants war. But war is in the air. It may break out at any moment. We must not prepare for the war of tomorrow but for the war of today."

That Mussolini would go to war in defense of Austrian independence was made clear not only by the prompt and decisive mobilization of Italian troops on the Austrian frontier when Chancellor Dollfuss was assassinated, but also by subsequent action and utterances. On the other hand, Mussolini plainly does not foresee an immediate danger of war in that quarter; else the withdrawal of the four divisions mobilized on the northeastern front within a few days after the Nazi attempted coup in Vienna would not have occurred. Nevertheless, the most energetic measures are being taken to insure Italy's preparedness.

Military manoeuvres in the region of Bologna on Aug. 17-24 were conducted on a grand scale. The King, Mussolini, practically all the members of the government and large military delegations from twenty-three foreign powers attended. The presence of the Cabinet Ministers and Under Secretaries of State was a unique feature. They were called to the colors by a special order of the Duce, and for the first time took an active part in the manoeuvres, each at his particular post, precisely as if a war were actually in progress. Particular emphasis was laid upon the moral effect of "bringing the members of the government into full cooperation with the army during the days of its most active training."

The same objective is to be reached by a stricter enforcement of conscription. Approximately 60,000 men have heretofore escaped military service every year through special regulations under the law. At present only a small fraction of these are to be called, but ultimately the entire number will be recruited, raising the daily average of men under arms throughout the year from 220,000 to 280,000. The effect upon the budget will be serious, but on this score, as in the special appropriation of 1,200,000,000 lire recently authorized for aviation, the Duce does not hesitate.

In a naval review on Aug. 6-7 two squadrons of forty-eight vessels, submarines and seaplanes participated. Apart from a grim mimic battle between the two fleets, target practice at night and special manoeuvres by the fast light cruisers were featured. Entirely dissociated from the naval exercises was the successful experiment of steering Senator Marconi's yacht by wireless. The ship was navigated from a radio beacon for a distance of ten miles. The system is the result of three years of experimentation by Marconi, who says that ships can now be steered from any point

within a radius of twenty to thirty nautical miles from the radio station.

A drastic purge of the Fascist party in Mussolini's native region occurred during the month as a result of the insubordination of Leandro Arpinati, former under secretary of the party and a member of the Fascist Grand Council. A vigorous Fascist of the early days and head of the Olympic games committee, he had been a turbulent and disturbing factor for some time, frequently quarreling with Achille Starace, the secretary general of the party. Arrested by Mussolini's order, Arpinati was sentenced by the local Fascist committee to five years' domicile in the Lipari Islands, while twenty other prominent Fascists of Romagna were expelled from the party. On Aug. 10 the press also reported the results of eighteen espionage trials before the special Tribunal for the Defense of the State. It revealed that foreign espionage had been uncovered and that twenty-nine individuals had been sentenced to penal servitude.

THE DEFIANT BASQUES

During August conflict between the Spanish Government and the Basque authorities broke out with unexpected violence over the Basque insistence upon the right to impose taxes and pay a fixed sum to Madrid. To defend their position, the Basques decided to have their municipal councils elect commissioners for each of the three Basque Provinces, thus forming a sort of representative body to deal with the national government. Premier Samper and his colleagues warned the Basques that their action was unconstitutional, stating that while the national government had no desire to impinge upon the rights of the Basques or to interfere in their Provincial affairs, the power to levy the disputed taxes lay with the central government. Nevertheless, the Basque municipalities prepared to hold elections.

The government replied promptly and vigorously. Orders forbidding the elections were issued; heavy detachments of troops were sent to the principal towns—Bilbao, San Sebastian and Vitoria; the civil guard was strengthened and the air force at Getafe, near Madrid, was held in readiness. Yet in many municipalities elections were held. When the police and the soldiers prevented the use of council chambers, the voting took place in near-by fields or forests. About fifty towns elected commissioners; in thirty, elections were stopped by the police and soldiery and in about 100 others none seems to have been attempted.

The Madrid government had now found itself locked in a dangerous struggle with a defiant Basque nationalism. Measures for the suppression of the commissioners and the recalcitrant municipal authorities were at once inaugurated. Forty-seven mayors, including those of the largest cities, and many municipal councilors were arrested. Arrests and imprisonment, however, avail little in the face of passive resistance and the spirit of Basque nationalism.

The situation was rendered doubly dangerous by the openly expressed sympathy of Catalonia. The Socialists and other parties of the Left, moreover, were eager to make political capital of the embarrassment of the government. According to early reports, the Catalan Generalitat was prepared to lend full support to the Basques in their struggle for autonomy. In a speech on Aug. 9 President Companys said: "Catalonia stands by the side of a sister region in its moment of conflict, the same as it would for Galicia or Valencia." A fortnight

later he denied flatly a report that he had assured Premier Samper of his complete support. In the meantime Catalonia renewed her claims for greater autonomy by demanding control of the ports of Barcelona and Tarragona, and by putting a ban upon the import of wheat from the rest of Spain unless authorized by Catalan officials.

Premier Samper met the crisis in a conciliatory and statesmanlike manner. He followed the energetic measures against the elections by a personal appeal to the Basques, assuring them that a bill to give them the right to elect commissioners would be introduced in the Cortes immediately after it assembled in October, and that the taxes in question would not be levied till these officials had the opportunity to consider them. As a consequence, the dangers of the proposed meeting of commissioners at Bilbao on Aug. 26 were averted and the prospects of a peaceable adjustment improved.

The need for a settlement with the Basques was all the greater because of the unrest among the workers and of the cooperation among the different elements of the Left Opposition. In a striking manifesto issued by the National Committee of the Socialist General Union on Aug. 1—Spain's "Red Day"—the grievances against the government were vigorously set forth. Since the union represents approximately 700,000 workers, its indictment of the repressive policies of the Cortes, and what it calls the "White Terror," was significant.

"Not even in the worst days of the monarchy," the manifesto said, "was there such a gap between the legitimate aspirations of the workers and governmental policy as has been the case under the governments in power since December, 1933." It pointed out that the "state of alarm" had been maintained for 222 days out of 315, leaving only ninety-three constitutionally normal days, sixty of which were during the elections. Under the "state of prevention," which was extended in August for an indefinite period, citizens can be brought before a "Tribunal of Urgency" and sentenced, newspapers suppressed and meetings forbidden, without appeal to the regular courts. Under it, the Socialist press has been consistently persecuted, Socialist meetings suspended, municipal councils in which Socialists held a majority dissolved and the wireless reserved exclusively for official use. With this systematic repression, there had come, the manifesto declared, a steady increase in prices, a lowering of wages and the depression of the standard of living among the laboring classes. By way of remedy the authors urged the union of all parties of the Left and a more thorough organization of the workers in order to "realize the supreme effort necessary to end the régime of exception." The leading monarchist journal characterized the manifesto as "mere drivel," but in the opinion of many observers it was prophetic.

But while the Right groups urged moderation on the Socialists, they demanded a stronger government in the interests of repression and reaction. "Seven months of the government of the Right Centre has accomplished nothing," they said. They added that the temporizing with the Catalans and the Basques was as bad as under the Azaña régime, and deplored the continued expropriation of the lands of the grandees. Further accusations pointed to the unsatisfactory and chaotic conditions in education and church matters.

Poland Looks Abroad

By FREDERIC A. OGG

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FOR some time past it has been evident that Poland and France are drifting apart. Foreign Minister Barthou's visit to Warsaw in April seemed to give the alliance a new lease on life, but more recently matters have gone from bad to worse. Whereas a few years ago Germany was regarded in Poland as the chief trouble-maker, now it is France. French engineers and business managers in Poland have been arrested; Polish miners have deserted the North France coal fields. A powerful attack upon the French press and French policies has been launched by Polish newspapers, one such journal accusing the French Ambassador in Warsaw of financing the anti-Pilsudski, anti-Semitic National Radical (or Nazi) party.

From France reply was made in kind, and in both countries the press spoke freely of the "conflict." In particular Paris resented the Polish hostility which more than anything else stands in the way of M. Barthou's projected Eastern Locarno. If the estrangement went no deeper than newspaper, or even official, bickering, the case would not be so serious. There is reason to believe, however, that the feelings and sentiments of two traditionally friendly peoples are being adversely affected.

During the flurry caused by the assassination of Chancellor Dollfuss it was made fairly clear not only that Poland would not participate in any concerted action to guarantee Austrian independence but also that Warsaw is not directly interested in the maintenance of the status quo there. A union of Austria and Germany would disturb Poland only in the event that it involved a general revision of the peace treaties; otherwise it would be viewed as relieving German pressure on Poland's frontiers and engaging Berlin in ventures that would keep that capital, and doubtless others as well, occupied for years to come. Austrian union with Italy, or an Italo-Czechoslovak occupation such as was suggested by certain French politicians, would, however, be wholly unacceptable.

Evidence that the Polish people are accommodating themselves to the new atmosphere of cordial relations with Soviet Russia—so assiduously cultivated by the Warsaw government since the signing of the Riga peace treaty—was supplied at the end of July, when a visit from a Soviet military air squadron was made the occasion for a remarkable demonstration of good-will on both sides. The Soviet flag was flown for the first time on premises controlled by the Polish Army.

BULGARIAN AFFAIRS

An avowed aim of the Gueorguiev dictatorship was fulfilled when in July diplomatic relations were re-established between Bulgaria and Russia. The Russian Legation in Sofia, since the war a home for Russian refugees, was cleared of its tenants, and in early September the first Soviet Minister arrived.

All Bulgaria's neighbors, including the members of the Little Entente, have lately reopened regular relations with Russia. Bulgarians and Russians are bound by many intimate ties and traditions. The magnificent statue of Alexander II which stands opposite the Sobranje in Sofia is a constant reminder of the prominent part which Russia played in freeing Bulgaria from the Turks. Although Bulgaria went through the World War on the side of the Central Powers, the conflict was exceedingly unpopular with all except the Macedonian elements. It may be added that the Gueorguiev Cabinet feels strong enough to fend off Communist propaganda while securing the economic benefits expected from Russian trade.

The suppression of the Macedonian revolutionaries by the Gueorguiev régime continues. On Aug. 13 the secret printing office of the newspaper *Liberty or Death*, organ of the Internal Macedonian Revolutionary Organization, was seized by the police. Among the printed matter sequestered was an article protesting against the coming visit of King Alexander of Yugoslavia to Bulgaria and Sofia's Yugoslav policy. It was with full approval of King Boris that the Gueorguiev régime launched its attack upon the Macedonian minority, but it is doubtful whether the effort can succeed. Certainly it is stirring opposition of the most vindictive sort. The spirit which for decades has kept alive and strong what is to all intents and purposes a State within a State may be mistaken, but it will be exceedingly hard to break. Only a new map bringing together the three parts of dismembered Macedonia—situated in Yugoslavia, Greece and Bulgaria—will fulfill the program for which the I. M. R. O. has fought since its organization in 1893.

From such facts as that sixty-one State high schools have been closed, entrance to the university made more difficult and the national school budget cut down, it may be deduced that the new Bulgarian régime attaches less important to education than did its predecessors. Actually, however, the government's plans are directed rather to a reorganization of education in the direction of the practical and technical as distinguished from the scholastic and academic. Like several other European countries, Bulgaria is overstocked with "intellectuals" or people trained only for white-collar careers; and the purpose of the present authorities is to limit such training to the specially fit. At the same time it is opening no fewer than thirty-seven new "middle schools" designed to prepare pupils for agricultural and technical courses. As another feature of the program the new Department of Social Renovation is grouping all existing youth organizations in a single Union of National Youth, in which all youths between leaving school and the age of 25 are to receive physical and moral training designed to make of them the "storm troops" of the new régime.

YUGOSLAVIA AND THE AUSTRIAN NAZIS

It was hardly to be expected that the Yugoslav Legation in Berlin pass without recriminations between Yugoslavia and Italy. Five days later the Yugoslav Legation in Berlin issued a statement not incorrectly construed by the German press as a warning to Premier Mussolini to keep his troops in check.

However much or little the tenor of this pronouncement was resented in Italian official circles, a violent press quarrel promptly broke out between the two countries. The Italians asserted that the Austrian Nazis prepared

their coup on Yugoslav soil, and with full knowledge of the Yugoslav authorities, while the Yugoslavs declared that Italy was merely trying to conceal her own responsibility for the Austrian tragedy, and that the Vienna government had given the lie to Italian asseverations by officially thanking Belgrade for its correct attitude during a critical period.

Meanwhile, Yugoslavia became the haven of some 3,000 Austrian Nazi rebels. Gathered in concentration camps at Varasdin, Pozega, Bjelovar and other points, these men could not return to Austria, where, indeed, their property had been confiscated; nor could they expect a welcome in Germany, where there is no desire to increase the already alarmingly large number of idle Austrian legionaries. Nothing seemed to remain except for the Yugoslav government to feed its uninvited guests; and this was done, although in time money was dispatched from Berlin to assist in the work. Wearing, for the most part, a ragged Austrian national costume—shorts and a green or white jacket—the newcomers at least afforded the Croat countryside a certain amount of entertainment as they marched from place to place singing the Nazi Horst Wessel song and German folk melodies. At the beginning of September it was reported that a special concentration camp for female émigrées had been established at Varasdin. Meanwhile, official Yugoslav requests that the Vienna government declare a blanket amnesty permitting the refugees to recross the border met with no response.

RESTORATION IN HUNGARY?

Much interest was stirred by a visit of the new Austrian Chancellor, Dr. Kurt Schuschnigg, to Budapest on Aug. 9. French newspapers had it that a restoration of monarchy was to be discussed, and speculation in Hungary itself ran wild. In both Budapest and Vienna it was categorically asserted that the visit was merely one of courtesy, such as would naturally be paid by the new Chancellor to the exceptionally close personal and political friend of the late Chancellor Dollfuss, Premier Goemboes. That some political significance was, nevertheless, to be attached to the meeting seemed probable, inasmuch as it was so timed as to precede a visit by Chancellor Schuschnigg to Rome.

From every significant source assurance continues to come that, while Hungary remains thoroughly monarchist at heart, with no support whatever for republicanism, neither government nor people is interested at present in a restoration. The country indeed already is, in its own eyes, a monarchy, and never has been anything else. There is, to be sure, no king. But in the Hungarian view the land has always been ruled, not by a king, but by a crown, and the closely guarded Holy Crown of St. Stephen which once a year is brought forth for the people to see (the annual ceremony duly took place in August) is no mere symbol of royal power—but the synthesis of constitutional government.

Viewed from this angle, the enthronement of Prince Otto or some other candidate becomes, one is tempted to say, a mere detail. There are, as Premier Goemboes has said repeatedly, other and more important matters to be attended to first. One of these is the country's economic rehabilitation. Another is the revision of the peace treaties, a matter which certainly in these days lies nearest the Hungarian heart. Only a Parliament representing the whole Hungarian people, it is considered, could properly

call a king to take the crown, and, despoiled of two-thirds of its territory and people, the country waits. Meanwhile, after a period of genuine discontent last Winter, the nation seems fully won back to the Horthy-Goemboes régime.

Interest in the fortunes of Hungarian minorities in neighboring States has been stirred afresh by efforts lately put forth in Rumania to make the country's municipal governments substantially Rumanian in personnel, even where the population is overwhelmingly Hungarian. In business and industry, furthermore, 80 per cent of all directors, officials and clerks are to be Rumanians, even in cities that are mainly Hungarian, Jewish or German. This latter figure is arrived at on the basis of the proportion which people of Rumanian stock in the country as a whole bears to the total population. It will, however, work hardship in places preponderantly non-Rumanian, and in Hungary it is feared that many former fellow-countrymen forced under the Rumanian flag by the Treaty of Trianon will be deprived of all means of making a living.

CZECHOSLOVAK POLITICS

A weighty factor in recent Czechoslovak politics has been the readiness of most of the German parties to stand shoulder to shoulder with the leading Czech parties in support of the existing régime. When President Masaryk was recently re-elected a most favorable impression was created by the unanimity with which German-speaking members of Parliament cast their ballots for him. There has lately come into view, however, a movement to fuse all the German parties into a Heimatsfront (Home Front), and apprehension has been roused lest such a development not only upset the political balance at home but destroy the existing good relations between the republic and Germany.

The head of the movement is Konrad Henlein, bank official and teacher of gymnastics at Asch, an industrial town on the Bohemian-Saxon frontier. He and his followers profess loyalty to the Prague government, though they have National Socialist leanings. Late in July the Congress of the German Roman Catholic party voted not to identify itself with the Heimatsfront program, and prominent German Social Democrats have also rejected the movement as merely "disguised fascism."

Following the example of the Communist party of France, the Czechoslovak Communist party in August proposed to the Socialist parties a united front against fascism. In France, the overtures were accepted, but in Czechoslovakia they were rejected by all four of the existing Socialist organizations.

GRECO-TURKISH RELATIONS

Friendly relations between Greece and Turkey have been at least temporarily disturbed by a new Turkish law closing a long list of lesser trades to all persons who are not Turks. The law is general in its terms and aliens of all nationalities living in Istanbul, Ankara and other centres are affected. The Greeks are hardest hit because their numbers are largest. On July 28, the first of a steady stream of involuntary immigrants reached Athens—barbers, butchers and other artisans of whom, in most instances, there is already an oversupply in the home country. According to Turkish figures, 2,000 Greeks, or 15 per cent of the city's Greek population, are affected in Istanbul alone. Further hardship has been entailed since persons leaving the country may take only limited funds.

A New Regime in Iceland

By RALPH THOMPSON

THE quadrennial elections to Iceland's legislative body, the Althing, were held on June 24. The Socialist party showed increased strength, its popular vote rising from 6,000 to 11,000 and its representation from 5 to 10. As a result, a coalition consisting of the Socialists, the Left wing of the Farmers party and one independent, together commanding twenty-six seats, became the majority and formed a new government. The Opposition consists of twenty Conservative Deputies and three representatives of the Right wing of the Farmers party. These figures will be somewhat altered because Icelandic electoral law provides for the allotment of compensatory seats to redress representation as fixed by the popular vote, but it is anticipated that the new seats awarded will only strengthen the government majority.

On July 23 the new Cabinet was announced. Hermann Jonasson, who had never sat in the Althing nor held an important official position, was named Premier, Minister of Agriculture and Minister of Justice. Haraldur Gudmundsson became Minister of Labor, Foreign Affairs and Education. Eysteinn Jonsson was appointed Minister of Finance. Jonasson and Jonsson belong to the Left wing of the Farmers party. Gudmundsson is a Socialist.

BALTIC DIPLOMATIC MOVES

The efforts to insure Eastern European stability by means of a three-power bloc of Estonia, Latvia and Lithuania or a larger agreement involving not only the Baltic States but also their great neighbors—the so-called Eastern Locarno—have during the past month continued unabated. In consequence of their meeting at Kaunas on July 7-10, representatives of the three Baltic nations signed the general terms of a new agreement of friendship and cooperation. On Aug. 29 more specific undertakings were initialed in Riga. The exact extent of the latter is not known at present, but they are said to provide for mutual tariff benefits and a periodic discussion of all relevant questions of foreign policy with the notable exception of those relating to Vilna.

The larger Eastern Locarno scheme still awaits realization, although certain recent moves involved the Baltic nations. Colonel Josef Beck, Polish Minister of Foreign Affairs, visited Tallinn on July 24 and Riga a few days later. About the same time the Polish Counselor of Embassy in Paris, M. Muhlstein, visited Kaunas and was received by the Lithuanian Foreign Minister. On July 30 Estonian and Latvian representatives in Moscow handed identic formal declarations to Maxim Litvinov, Soviet Commissar for Foreign Affairs, declaring that their governments favored the idea of a regional pact for mutual assistance in Eastern Europe.

Since the establishment of an effective Baltic bloc or an Eastern Locarno depends to no small degree upon a settlement of the Vilna question, M. Muhlstein's visit to Kaunas was regarded as of great importance. M. Muhlstein, however, was not the first

Polish official to appear in the Lithuanian capital in recent months. The tension between the two countries has lessened appreciably, and there have been discussions regarding direct postal, telegraphic and traffic communications across the border, closed since 1920. During the Summer a group of Lithuanian journalists toured Poland as guests of the Warsaw government and brought back the impression that the Polish people were eager for a settlement of the Vilna dispute. In the near future, therefore, the traveler who wishes to go from Kaunas to Vilna, a distance of forty miles, will probably no longer be forced to choose between paying about $35 for a special visa or making a roundabout journey of 450 miles via Riga.

FINLAND'S TRADE RELATIONS

Finland's new commercial agreement with Germany, signed last March, was during August near breakdown. German exporters demanded payment in non-German currencies rather than in reichsmarks, and Finnish exporters found themselves unable to exchange their increasing reichsmark holdings. Negotiations for a settlement of the question were immediately begun, but no results had been reported at this writing.

Loss of the German market would be less of a blow to Finland today than some years ago. Commercial relations with France have improved as a result of the visit to Helsinki late in June of a French economic mission. A new tariff agreement with Poland by which it is hoped to increase Finnish exports was concluded in July. Continued friendly commercial relations with Great Britain have borne fruit in a contract recently signed by the Finnish Government and a British mining firm. Certain State-owned nickel deposits in the Petsamo district were turned over for exploitation to the British company, which thereupon agreed to invest a specified amount of capital and to pay the State a fixed royalty on the metal extracted.

The Russian Debt Barrier

By EDGAR S. FURNISS

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THE debt issue has of late become the dominant factor in American-Soviet relations. This issue was left in abeyance by the conferences which preceded recognition, although both governments acknowledged that settlement was indispensable. Immediately after diplomatic relations were established the American Government presented the Soviet Union with a written proposal which was intended as a basis for settlement. For six months thereafter the Soviet Foreign Office carried on desultory discussions with the American Embassy in Moscow but no progress was made, even on general principles.

Then, on July 21, it was announced from Washington that the negotiations would be transferred to the United States so that further attempts at settlement might be carried on by direct discussion between Ambassador Troyanovsky and Secretary Hull. The

weeks that followed were occupied with active negotiation but the proposals and counter-proposals brought forward by the two governments indicated so wide a divergence of views that no real headway was made. In fact, the State Department announced on Aug. 24 that "it is not possible to be optimistic that any agreement will be reached," and, although Ambassador Troyanovsky refused to subscribe to this gloomy view, it was known that negotiations were at least temporarily at a stalemate.

The obstacles to settlement consist in part of a fundamental clash of principle, in part of a difference of opinion on the meaning of oral engagements made last Fall. The Soviet Government denies any moral or legal obligation with respect to the debt. That part of the total amount—some $187,000,000—which represents a loan by this country to the Kerensky régime is covered in the opinion of the Soviet authorities by the general formula denying the validity of pre-revolutionary obligations of the Russian State. The balance of the $600,000,000 is made up of a number of private claims against the Soviet Government for property rights wiped out in the revolution. The validity of these claims cannot be admitted without undermining the moral basis of all Communist expropriation.

Any concession to the United States on these two types of obligation would involve the Soviet Union in a multitude of difficulties with other countries whose governments and nationals hold the same sort of claims. But it is not fear of these practical consequences so much as loyalty to principles enunciated by Lenin and subscribed to by all the successive leaders that makes the Soviet Union so unyielding in its refusal to concede the inherent justice of the debts. With the United States, on the other hand, it has been equally a matter of principle to establish the validity of these obligations, though President Roosevelt did not place the matter on this ground in his statement to Commissar Litvinov last Fall, but stressed rather the practical importance of a settlement in developing cordial relations. Nevertheless the proposals made by our government have implied that the Soviet Union would make concessions. This clash of principle therefore requires some sort of settlement that will make the existing debt appear an entirely new obligation voluntarily assumed as part of a present or future transaction profitable to the Soviet Union.

The Soviet authorities for some years past have offered a formula for this purpose, namely an undertaking to pay excess interest charges in connection with future trade contracts, these excess payments to accumulate until their amount is sufficient to discharge the total of the old debt as determined by agreement. This is the position taken by the Soviet government in the present negotiations. But it presents two distinct problems for settlement: first, the determination of the amount of the debt by balancing the claims and counter-claims of the two governments; secondly, the creation of American credit in favor of the Soviet Union, large and long enough to meet the needs of the case. It is on the second of these points that misunderstanding has arisen.

Apparently the Soviet authorities understood that the United States would either establish credits through its own agencies or else would guarantee the extension of such credit by American banks. Our government, on the other hand, maintains that, while this general process of payment is acceptable, no direct responsibility

has been undertaken with regard to the creation of necessary credit. This seems a small difference of opinion, but it goes to the root of the matter. The American position would require the Soviet government to acknowledge in advance a debt of definite amount while leaving in doubt whether credits could be arranged to discharge the obligation.

Such a view conflicts not only with the principle on which the Soviet attitude toward the debt is based but would involve the Union in formidable practical difficulties. For, in the absence of assured long-term credits Russia cannot pay any substantial amounts on past account without undermining her current import trade in materials required for her domestic program. The present impasse may have developed in part over failure to fix upon a figure for the debt as a whole—upon this point information is not forthcoming from Washington.

The debt problem is of public interest today chiefly as it bears on the question whether the United States has derived any benefit from recognition. The only substantial gain promised by the protagonists of recognition was an increase of exports to Russia. But it is a matter of record that Soviet purchases in America have dwindled to an insignificant amount, averaging now not more than $1,000,000 monthly. This is less than 5 per cent of the amount predicted by the more optimistic advocates of recognition and only about one-tenth of the volume of business during the peak year 1930 when we were officially on bad terms with the Soviet government. The disappointing outcome is now attributed by many commentators to the failure to settle the debt problem; and it is predicted that once this obstacle is removed the earlier expectations of a flourishing trade will be realized.

But there is little support for this contention. Not only have Soviet purchases in all foreign markets been falling sharply, but the bases of Soviet trade have changed materially since four years ago, the boom period, which is still offered as a measure of the potentialities of Russian trade. During the three years 1930-1932 Soviet imports averaged close to 1,000,000,000 rubles annually as a result of the pressing demands of the industrialization program. Continued unfavorable trade balances during this period reached a total of about 450,000,000 rubles, while foreign indebtedness arising from other sources increased the current obligations of the Soviet Union to a much larger figure. When these obligations matured for the most part last year the Union was placed in a very critical financial condition. Default was avoided only by a drastic curtailment of imports, which produced a favorable trade balance, and by increasing the output of gold for export.

The decline of imports which set in at this time has continued, partly because the Soviet Union is still under the necessity of meeting maturing foreign credits by means of an export balance, but partly, too, because the progress of the Five-Year Plan has reduced the country's need for foreign supplies of capital equipment. Trade with Russia has thus ceased to be a series of transactions with a necessitous and eager buyer. Governmental policy and the economic condition of the country combine to give the Soviet Union a different status as a market from that obtaining a few years ago.

Experiences during the first years of the Five-Year Plan explain the insistence of the Soviet authorities upon long-term credits as a prerequisite for trade. If the difficulties encountered

last year are to be avoided in the future, Soviet purchases in foreign markets must not give rise to a mass of current indebtedness. Whatever impulse the Soviet government may have to reach a settlement of the debt question is derived from a desire to place the country in a position to exploit American credit facilities. The Johnson Bill prohibiting loans to defaulting nations has been interpreted as applying to the Soviet Union. In this situation, settlement of the debt problem is indispensable to a revival of our Russian trade. But even without this obstacle it is by no means certain that our government or our banks would provide the four or five year credits which the Soviet trading agencies demand. These factors—the declining demand of the Soviet Union for foreign goods and the extreme difficulty of financing Soviet trade—must be taken into account in any attempt to appraise the economic importance to ourselves of American recognition of the Soviet Union.

SOVIET FOREIGN RELATIONS

Soviet foreign relations at the present moment have improved in all sectors except the Far East. The trend of European diplomacy has isolated and weakened Germany so much that Russia need no longer view that country as a menace to her peace. In recent months the Soviet government continued to invite Germany to reconsider her refusal to join the Eastern Locarno, seizing upon Hitler's repeated professions of peace to bring forward again the proposal that the two countries join in a pact of neutrality and mutual assistance.

Certain events of the past few weeks have emphasized the growing cordiality of Soviet relations with other European nations. The ceremonies attending the arrival of the first Soviet Ambassador to Czechoslovakia on July 19 were significant as marking the end of diplomatic conflicts between the Union and the Little Entente, and testifying to the growing friendship of France. Of the Little Entente, Yugoslavia alone remains outside the Soviet peace system, but negotiations now under way indicate that Yugoslavia will presently follow the lead of Rumania and Czechoslovakia in recognizing the Union.

The Soviet Union has reason to be gratified also by its efforts to draw its immediate neighbors — Estonia, Latvia, Lithuania and Poland—into alliance under the terms of the proposed Eastern Locarno pact. Thus far the proposal has encountered an apparently insuperable obstacle in the bitter hostility between Poland and Lithuania. But within the past month both the Estonian Foreign Minister and the Latvian Ambassador in Moscow have declared in favor of the Soviet program.

Lithuania in a memorandum addressed to Paris stated her willingness to sign the pact with certain reservations touching the ultimate disposition of former Lithuanian territory now held by Poland. And the current comment in Poland is less antagonistic than formerly. In this development may be seen the influence of the European powers, especially Great Britain and France. It is known that Britain has brought pressure to bear on Estonia and Latvia to assist the Soviet Union in bringing about the pact; and that France has made similar representations in Warsaw. The trend of affairs in Nazi Germany, of course, has tended to strengthen the Soviet Union in this as in other aspects of its diplomatic program.

Palestine in Leading Strings

By ROBERT L. BAKER

IN the British mandate for Palestine, which became effective on Sept. 23, 1923, Great Britain was made responsible for "the development of self-governing institutions." Other obligations were, of course, imposed, such as that of fostering the establishment of a Jewish national home and the safeguarding of the rights, civil and religious, of all the inhabitants of Palestine. But certainly a chief purpose of the mandate system in the liberated parts of the Ottoman Empire was tutelage toward independence. What has Great Britain accomplished in this direction in Palestine during the past eleven years? The answer is--practically nothing.

Although the British administration is far more intelligent and benevolent than the Turkish was, in some respects it is even more authoritarian. Not even the semblance of a legislature for the whole country is yet in sight. The gap between the Arabs and the Jews is greater than it was at the beginning, and, with individual exceptions, the two communities are not at all inclined to sacrifice any of their own interests for the sake of compromise. The Jews have indeed been allowed a certain degree of self-government in internal affairs, but with such safeguards for dissenters that the Jewish National Council is unable to maintain discipline over the whole Jewish community, and so too with the Moslem Supreme Council and the Arab Executive. On both sides are factional strife and apparently increasing bitterness toward the British.

In 1923 an effort was made to establish a Legislative Council, as provided for in the Constitution of Sept. 1, 1922, but it failed, chiefly because a majority of the Arabs boycotted the necessary elections. Even the Advisory Council, which at first contained official and non-official members in equal numbers, has become a strictly official body because the Arab leaders refuse to cooperate.

Great Britain seems to be about to attempt again to set up a Legislative Council. On Nov. 23, 1933, soon after the disorders of last year, Sir Philip Cunliffe-Lister, the British Colonial Secretary, announced in the House of Commons that such a council would be established, but that there was no intention to set up an independent régime, since the authority of "the British Government, the British Parliament and the High Commissioner to carry out the mandate policy will remain strictly and completely unimpaired." The purpose of the council would be to give the various sections of opinion the opportunity for expression in a representative assembly. More recently, Sir Arthur Wauchope, the High Commissioner, proposed the establishment of a council based on proportional representation, and a report from London indicates that a definite decision had been made in this respect.

Such a council represents, of course, not self-government but self-expression on the part of Jews and Arabs, and neither have been backward in stating their views. While any elec-

tive body appears at the outset to be a step in the right direction, experience in Palestine has shown that the representatives feel committed not to reasonable deliberation, but to the strongest possible defense of their community interests. With feeling so tense over the question of Jewish immigration, the proposed council would probably be nothing more than an arena for fierce and uncompromising attacks on British policy.

Even if the usefulness of a Legislative Council at present appears doubtful, its creation would in any event encounter serious obstacles. The Jews, themselves of a divided mind about the development of the mandate, can scarcely be enthusiastic about a council in which the Arabs will outnumber them by 4 to 1. The Arabs, having never recognized the Balfour Declaration pledging Great Britain to the establishment of a Jewish national home or the mandate involving that pledge, may once more refuse to cooperate lest that would imply recognition of Jewish political rights in Palestine.

TURKEY SEEKS LEAGUE HONORS

Although Turkey has been a member of the League of Nations for only a little more than two years, she announced her candidacy for a non-permanent seat on the Council on Sept. 5. Three non-permanent seats, now held by China, Panama and Spain, were to be filled by election when the next Assembly convened and China and Spain were reported to be seeking re-election. Persia was the first country to apply for election but was said to be willing to withdraw in Turkey's favor.

Kemal Husnu Bey, the Turkish envoy to the League, said that Turkey regarded herself as a European power, but would be a candidate for China's seat on the basis of the Assembly's practice of awarding Council honors according to continents. To be elected Turkey needed only a favorable majority, whereas China required a two-thirds majority to retain her seat.

One of Turkey's avowed objectives in foreign policy is the revision of the Straits Convention so as to permit her to refortify the Dardanelles. A seat in the League Council would give her more influence in seeking that end. Her Foreign Minister, Tewfik Rushdi Bey, has recently soft-pedaled that ambition, but he has asserted that Turkey is able and ready at any moment to defend any part of her territory. She could certainly close the Dardanelles within a few hours by means of mines, if necessity demanded, and a system of strategic railroads and highways recently built or acquired by the Turkish Government would make it possible to bring up heavy guns within a short time. Moreover, a gendarmerie out of all proportion to the requirements for maintaining law and order is kept in the demilitarized regions. But pride and a desire for security demand formal authority to refortify the Straits.

The Anglo-Turkish inquiry into the killing of a British naval officer by a Turkish coast patrol on July 14 (see September CURRENT HISTORY, page 761) was formally abandoned by the British Government on July 21. A Turkish destroyer participated with British warships in the funeral ceremonies on the scene of the incident on July 22.

Turkey's new law ousting aliens from the professions and small trades is being put into effect according to schedule. It was estimated that during July and August 2,000 Greeks, or about 15 per cent of that nationality residing in Istanbul, were expelled.

The Greek Government meanwhile took steps to find homes and work for the newcomers. More serious is the plight of the colony of "White" Russians in Istanbul. numbering about 2,000. Since they fled from Bolshevik Russia some fourteen years ago they have enjoyed the sympathy of the Turks and hoped that they would not be affected by the new law. In mid-August, however, Ankara announced that it applied to them as to other aliens, and they do not know where to turn.

EGYPTIAN NATIONALISM

Nahas Pasha, the leader of the Wafd, or Nationalist party in Egypt, from time to time tours the provinces in an effort to stimulate the work of his party committees. In spite of all precautions on the part of the police, these junkets are invariably accompanied by disorders and frequently by bloodshed.

A trip of this kind was made by Nahas during the last week of July. It was apparently timed so as to impress the strength of the Wafd upon Sir Miles Lampson, the new High Commissioner, on the eve of his departure on vacation to England. In Egypt it is generally believed that the High Commissioner will return in the Fall with matured plans and full authority to make drastic changes in the administration of the country. The Wafd, in particular, hopes that Great Britain will abandon its neutral attitude toward Egyptian politics and return to its former policy of cultivating truly democratic institutions. The party could then hope for "free" elections and a majority in Parliament, instead of its present ineffectual policy of non-cooperation with the thinly disguised dictatorship of King Fuad.

Although Nahas Pasha agreed to follow the itinerary prescribed by the police, he deviated from it, and forbidden demonstrations took place at Port Said and Ismailia, where the police fired into the crowds and wounded a number of Wafd supporters. Minor disorders occurred at other points along the route. The enthusiasm with which Nahas was greeted indicates that the old Zaghlulist traditions are still strong among the Egyptian fellaheen. And because of his personality, courage and honesty, Nahas remains a powerful factor in Egyptian politics. He is, however, uncompromising in his view that the Wafd alone can save Egypt, refuses to cooperate with other sections of the Opposition, and for these reasons maintains with difficulty his hold on the milder element in his party.

MOSUL OIL REACHES EUROPE

Oil from the rich Mesopotamian deposits at Mosul was pumped through the new 600-mile pipe line to Tripoli in Syria for the first time on July 14, and on Aug. 14 the French tanker Desprez reached Havre with 14,584 tons of the crude product. It is expected that Haifa, the terminus of the British branch of the pipe line, will receive its first oil within a short time.

The French, and particularly French military and naval circles, regarded the arrival of the Desprez and its cargo as far more important than the amount of oil would seem to justify. But this shipment was seen as the first step toward freeing France from its present dependence on foreign oil. French interest in the Iraq Petroleum Company, which holds the Mosul concession on a seventy-five-year lease from the Iraq Government, amounts to 23¾ per cent. One branch of the pipe line from the oil field across the desert to the Mediterranean debouches in Syria, which is under a French mandate.

Japan's "Duck" Policy in China

By GROVER CLARK

JAPAN, according to Kenichi Yoshizawa, former Japanese Minister to China, is following a "duck" policy in her dealings with China. This policy he explained by describing the movement of a duck on the water: on the surface all is quiet, but underneath there is great activity. The "duck" policy apparently was invoked in the drafting of the new Chinese tariff schedules which became effective on July 3. Rates on goods imported chiefly from the West, such as machinery, building materials and raw cotton, were raised appreciably, but those on cotton goods, paper and sea foods of the kind exported by Japan were reduced.

In China a storm of protest arose because of the pro-Japanese character of the tariff. The Shanghai General Chamber of Commerce, the Chinese Industrial Association, the Cotton Mills Association, the Silk Printing Association, the Native Goods Manufacturers Association and many other organizations spoke emphatically on the subject. So did many leading newspapers. Spokesmen for the government tried to still all criticism by saying that the reductions would not handicap Chinese industry and that even the rates that had been raised were still comparatively low. The protests continued, however, and became so troublesome that Chiang Kai-shek took it upon himself—though in doing so he exceeded the technical limits of his authority in the government—to issue an order that newspapers and other publications cease criticizing the new tariff and publishing reports of criticism by "ignorant merchants."

The Japanese newspapers contended that the tariff was not as advantageous to Japan as it might be or as Japan had requested, but that it did indicate China's readiness to mitigate the anti-Japanese character of the previous tariff. Japanese merchants, however, gave proof of the true nature of the new rates by shipping such large quantities of goods to China that all the available vessels were overcrowded and the steamship companies were forced to expand their service.

Obviously, the Nanking government can not admit that the new tariff resulted from Japanese pressure. Chinese observers noted that an unusually large number of Japanese warships were in the neighborhood of Tientsin during May and June and that the Japanese considerably increased their air fleet in the regions close to the Great Wall.

Meanwhile, the opinion seemed to be gaining ground in China that the Nanking government was moving toward formal acceptance of the situation in Manchuria and further compliance with Japan's wishes in other respects. For proof one can point to the North China truce of May, 1933, the agreement to resume traffic on the Peiping-Mukden Railway this year (an agreement, incidentally, which went into effect on July 1, the day of the promulgation of the new tariff), the discussion of reviving the Chinese-Japanese Anfu-controlled Exchange Bank of China at

Tientsin to handle a readjustment of the old Nishihara loans, and, most recently, the semi-official suggestion from Tokyo that Japan would conconsider financing the construction of three new railways in North China.

On the other hand, evidence of dissatisfaction with this attitude at Nanking was increasing. For example, Huang Fu, the Nanking-nominated head of affairs in North China, has resigned and has refused to withdraw his resignation despite earnest requests from Chiang Kai-shek and others. W. W. Yen, Ambassador to Russia, who emerged unwillingly from retirement to help fight China's battle at Geneva, has been living quietly in Tientsin since February, officially recuperating his health. Wellington Koo, Minister to France and another vigorous opponent of Japan at Geneva, has also returned to China, avowedly to attend to personal affairs. Wang Chung-hui, one of the judges of the World Court, returned on the same ship as Dr. Koo. Both these men seized an early opportunity to say emphatically that in the present crisis China must stop seeking help from other countries and turn energetically to building up her own strength. All of which is being interpreted in the Chinese papers as indicating that these distinguished international spokesmen for China are distinctly out of sympathy with the Nanking government s attitude toward Japan.

Anti-Japanese feeling was emphatically expressed in a proclamation calling for a "holy war" against Japan, which was issued on Aug. 2 by a group which included Madame Sun Yat-sen and was signed, it is said, by some 3,000 Chinese, including some of the more prominent bankers. The war could be financed, it was proposed, by confiscating all Japanese enterprises in China—banks, railways, mines, factories and so on, as well as by special taxes.

Chiang Kai-shek, meanwhile, continued to claim sweeping victories in his anti-Communist drive in the Central Yangtse region and in Szechwan. (See the article by Stuart Lillico on page 45.) Blockhouses have been built in the regions which the Nanking government troops have "conquered," and the peasants and workers have been promised that they will receive good treatment. The conquered areas, however, do not seem to stay conquered for any greater length of time than in the past three years, and a new Communist threat in Fukien Province caused a flurry at Foochow at the beginning of August.

China has been through an exceptionally bad Summer of drought and floods. An official government report, issued on Aug. 21, said that serious flood damage had occurred in 112 counties in thirteen Provinces, that drought had affected 343 counties in fourteen Provinces, and that locusts had ravaged 68 counties in 8 Provinces.

PLIGHT OF JAPAN'S FARMERS

Conditions among the Japanese farmers have grown rapidly worse, and rumblings of discontent have been heard. Industry and factory workers are fairly prosperous, but the farmers. who comprise 60 per cent of the population, are in most desperate straits.

Silk is the farmer's really important money crop. The annual production is about 100,000,000 kwan (one kwan equals 8.267 pounds), half in the Spring and half in the Autumn. Costs of production average about 3.25 yen per kwan. Since in 1927 and 1928 the market price for silk was about 11 yen per kwan, the farmers' income from this source was over

1,000,000,000 yen. But for the silk year July, 1932-June, 1933 prices were under 3 yen per kwan—less than the cost of production. For the silk year just ended the price was about 2.25 yen. On silk alone the farmers during the past year lost about 100,000,000 yen; and their cash income has been 875,000,000 yen less than it was in 1927-28.

In the face of this drop in silk cocoon prices, the cost of rice has risen. A large part of the farmers, however, have suffered rather than benefited from this increase because months ago they were compelled to dispose of their rice crops in order to get cash to pay bills.

The situation has become so bad that numerous delegations from many parts of the country have gone to Tokyo asking that a special session of the Diet be called to aid the farmers. The specific proposals are two: First, that in order to raise raw silk prices the government buy the large surplus stocks of cocoons which have accumulated; secondly, that the government distribute free, or sell at nominal prices, the large stocks of rice which have been acquired in recent years through price-stabilizing purchases. So far, the authorities at Tokyo have done nothing more than listen politely to the delegations.

Any action which really would get the Japanese farmers out of their difficulties would cost a great deal of money. Yet the plight of the farmers is driving them rapidly toward desperation, and if nothing is done to improve their lot, serious outbreaks may occur.

THE CHINESE EASTERN AGAIN

Ill feeling between Japan and the Soviet Union has been accentuated by the latest phase in the negotiations over the sale of the Chinese Eastern Railway to Manchukuo. The establishment of Japanese hegemony over Manchukuo early convinced the Soviet authorities that it would be impossible for them to continue ownership and operation of the railway through alien territory. Accordingly, in June, 1930, the Union offered to sell the road for about $125,000,000 in gold rubles. Manchukuo met this offer with a counter-proposal of less than one-tenth of that sum, and negotiations were suspended in August, 1933, in an atmosphere of bitter recrimination. In February another attempt was made to reach a settlement. At the end of ten weeks the Union had set a price of something less than $47,000,000, and Manchukuo had offered about $35,000,000. Japan now stepped in as mediator, only to take a flat-footed position in support of the Manchukuoan offer and then abruptly to terminate negotiations when the Soviet representatives refused to yield.

Throughout the negotiations the Russians have encountered increasing difficulty in operating the road. Attacks by brigands have resulted in the death of scores of Russian workers and the kidnapping of several hundred more; the tracks have been torn up and the telegraph wires cut again and again; trains have been wrecked, with the destruction of fifty locomotives and hundreds of freight and passenger cars. The arrest of over eighty Soviet citizens by the officials of Manchukuo has added to the list of grievances. The Soviet Government finds in these incidents a deliberate campaign on the part of Japan, and interprets Japan's abrupt ending of negotiations as evidence of her determination to seize the railroad.

The Soviet Union on Aug. 22 addressed a curt note to the Japanese Government bluntly accusing Japan of "aggressive intentions." The note

ended with the cryptic words: "The government of the Union of Socialist Soviet Republics expects that the Japanese Government will make all necessary inferences." The tone and language of this communication were of the kind only found in exchanges leading to the rupture of peace.

Reports early in September, however, indicated that negotiations would be resumed in Moscow. A Japanese note on Sept. 4, less bellicose than might have been anticipated in view of the Soviet note of Aug. 22, declared that the Russians arrested in Manchukuo were members of illegal societies which had been encouraging attacks upon the Chinese Eastern, that the train wrecks were not accidental but deliberately calculated to impede bandit suppression and that Japan had had no direct connection with the arrests, since they had been carried out by Manchukuo. The Japanese insisted that they were solely interested in restoring the normal operation of the road. Finally, it was pointed out that the Soviet press had been most provocative in its accounts of the controversy.

Japan certainly stands to profit much more than the Soviet Union by the transfer of full ownership of the line to Manchukuo. The Union would receive some money and goods by the terms of the latest offer, but would lose control of rail communication through North Manchuria to Vladivostok. Japan, on the other hand, would more easily wipe out the bandits in North Manchuria if the railway were in her hands, not necessarily because the Russians are fomenting banditry, but because with the Russians in control Japan must be careful about moving troops in the zone.

One therefore wonders whether Japan really wants to end the difficulties which continued Soviet control of the railway creates. Present conditions provide an excuse for telling the Japanese people that the army and navy must be maintained and expanded not only because of the continuing trouble in Manchuria but also because of the danger of war.

TRADE IN THE FAR EAST

A British trade mission, sent by the Federation of British Industries, left London early in August. The plan, according to report, was to stop briefly in Japan and perhaps to send some members of the mission to the principal centres in China. The main purpose of the mission, however, was to study, if possi ble, British trade with Manchuku The announcement of this miss drew a formal protest from the C nese Minister to London on the grou that it savored too much of a mo toward recognition of Manchuku The British authorities replied th they could not interfere with the a tions of a private body like the F. B.

The discussion of a new tariff agre ment between the Philippines and t United States, or of a new Philippi tariff, which would give America goods preferential treatment, has le the Japanese authorities to mov against a possible discriminatio against Japanese goods. It was re ported from Manila on Aug. 8 that the Japanese, backed by ample funds, were organizing a lobby and an elaborate propaganda campaign. On Aug. 16 Count A. Kimura, the Japanese Consul General at Manila, told the students of the University of the Philippines that the proposed tariff would injure the people of the islands and that there "probably would be serious effects" if it was adopted. On Aug. 31 the Japanese Government made informal representations on the subject to the American and Philippine Governments.

CURRENT
HISTORY

NOVEMBER 1934

Japan's Case for Sea Power

By GUMPEI SEKINE*

THE question of naval disarmament has come to occupy a position of ever-increasing importance in the minds of the Japanese people as the time for the calling of the 1935 Naval Conference draws closer to hand.

There was a time when the mere mention of "disarmament" caused most people to think of "economy," almost as though the two terms were synonymous. But the experiences of recent years have taught us that if disarmament which purports to effect economy fails to secure the defenses of a nation, that economy, as an issue of any consequence, must be entirely erased from the picture. Time was, moreover, when we thought that all we needed to do in order to improve our relations with other countries was to enter into a disarmament pact. But we know better today; we know that everything hinges on the *substance* of that pact.

The entire Japanese nation has come to realize, in other words, that since, in the event of the sense of national security being lost in consequence of the conclusion of a disarmament pact, some means must be contrived to counteract that loss, the upshot of it all is liable to be an inevitable re-increase of armaments. It is now clear to us that it is not simply by entering into *any* kind of a disarmament pact that we can achieve economy of expenditure and improvement in interna-

*This article has been written in response to a request addressed by the editor to the Japanese government for an official presentation of Japanese naval policy. It was preceded by Hector C. Bywater's article, "The Coming Struggle for Sea Power," in October CURRENT HISTORY, which gave a British view of the issues of the 1935 naval conference, and will be followed next month with a discussion of the subject from the American standpoint.

Captain Sekine has been an officer of the Imperial Japanese Navy for twenty-four years. While holding the rank of Commander, to which he was promoted in 1925, he became naval attaché to the Japanese Embassy in Brazil. After two years at that post he was assigned to the office of the Chief of Naval Operations and is at present in the Intelligence Bureau of the Navy Department in Tokyo.

tional relations. The primary consideration must be the firm establishment of our sense of national security; and whether or not we can attain the ends we seek so eagerly depends entirely on the nature and substance of the pact to which we become a party.

This deep concern of the Japanese people over the question of naval disarmament must be attributed to the change which has been brought about in their conception of disarmament treaties by their final awakening to the practical purport of the substance of those treaties already in existence, as well as by the numerous incidents that have taken place in the Orient since the Washington Conference.

The products of the Washington Conference were a naval limitation pact based on the 5:5:3 ratio and a political agreement relating to the Far East. Memories of the World War were yet poignantly fresh at that time, and the desire for peace being predominant throughout the world, Japan was induced to assume an attitude of watchful waiting as regards the situation in the Orient, notwithstanding that there was ample room for misgivings as to how that situation might develop in the future. And as for our navy, the acceptance of the 5:5:3 ratio was not unconditional; it was only under the condition of the pact limiting fortifications in the Pacific and with the understanding that we might carry on unlimited building of auxiliary vessels, that our naval authorities were led to the belief that they could count on the security of our national defense for the time being, so long as no pronounced change should be effected in the make-up of foreign armaments.

But what of the developments that have taken place since then? The capital ships of the other powers have been highly modernized; their cruising radius, a factor of the greatest importance in the maintenance of our sense of national security, has been tremendously augmented; and there has been a remarkable advance in aviation. Such developments as these weigh so heavily in favor of an attacking force that Japan would find it impossible to defend her territory with a naval strength of anything like 70 or 80 per cent. Such is the opinion not only of the Japanese Navy but of the whole Japanese population today; and if there be any among our people who does not share this view, he is a rare exception and his dissension can be ascribed only to ignorance of the facts.

The Japanese public by now has become fairly well informed also on the substance and practical implications of the existing naval treaties. There is hardly a Japanese today but knows that because those treaties have provided for qualitative limitations in addition to assigning an inferior ratio to our country, our treaty navy can under no circumstances be adequate to guarantee the security of our national defense. And many of them have even become aware that the "law of N square" operates in naval warfare, so that the Japanese Navy, even if built up fully to its 60 per cent allotment, could be but 36 per cent effective in actual combat against an opposing naval force of 100 per cent. Manifestly, therefore, it is inconceivable that the Japanese people should be satisfied with any kind of a treaty that is not based on the principle of equality.

Immediately after the Washington Conference, conditions in the Orient began to get more and more chaotic, and one anti-Japanese activity followed another. All the annoyances and insults Japan endured patiently because she was mindful of the spirit of the political agreement that had

come into existence simultaneously with the Washington treaty. But her patience was of no avail; for after the London Conference, chaos and disorder in the Orient were only aggravated, with the result that the situation finally reached the point where Japan felt compelled to exercise her right of self-defense. The Shanghai and Manchurian incidents were the result. Upon the outbreak of the Manchurian incident Japan, finding no alternative course of action, addressed herself to the task of overcoming the grave situation with the support of the whole nation.

The decade following the Washington Conference brought many a trying ordeal to the Japanese people. Having thus drunk long of the bitter cup, and their patience tried to the breaking point, they have been driven to the conclusion that the 5:5:3 ratio incorporated in the Washington and London treaties has so seriously impaired their national prestige that even their neighbors now hold them in contempt. Consequently, the feeling is strong among the Japanese people today that in order to maintain their prestige and sense of security they must be freed as soon as possible from the humiliating shackles of the existing naval treaties.

It is to be noted, however, that the other powers have projected construction programs for bringing their navies up to full treaty strength, and rapid progress is being made on the execution of those programs. With our sense of security further impaired, we can no longer afford to stand idly by with our hands in our pockets. The time has come when we must speak out plainly and boldly. For the first time, therefore, the Japanese people are about to see their government submit a disarmament plan measuring up to their ideal; and the whole nation is prepared to stand united as one man behind that plan.

Before delving further into this question, however, a word should be said with regard to the *raison d'être* of Japan's armaments. Our armaments exist not as implements of attack or invasion of another country, but as a means of assuring the execution of our sound and unimpeachable policy of preserving the peace of the Far East. The fact that we wish to be freed from the disadvantageous restrictions of the existing treaties does not, therefore, mean that we aspire to possess armaments superior to those of other powers. All we ask for and expect is that a fair balance of strength shall be maintained among the powers, and that no nation shall be able to menace another by reason of superior armaments. And it is our hope that this point will be thoroughly understood by the American public.

We believe the American people will agree with us that a policy of mutual assistance and cooperation between the United States and Japan will accrue to the benefit of both peoples. One needs but to read the history of the United States to learn that, of the numerous figures who played prominent rôles in the upbuilding of the American Republic, men of the type of Washington and Lincoln, characterized by seriousness of purpose, magnanimity and those fine qualities we associate with the term "gentleman," have enjoyed the most lasting admiration and respect. We cannot but believe, therefore, that the Americans of today, treasuring as they do the qualities of Washington and Lincoln, must be broadminded and magnanimous enough to listen to a statement of Japan's case with an open mind.

To be sure, there are reported to be some among the American people who take the attitude that "since

Japan resorted to military action in Manchuria and Shanghai in violation of the Nine Power Pact, there can be no use of entering into another treaty with her." Our answer to such people, as already stated, is that Japan, upon the outbreak of the Manchurian incident, exercised her right of self-defense simply because there was no other course open to her. Surely no treaty, whatever its nature or purpose, would deny to a signatory power the right to defend itself under extremely critical circumstances.

Suffice it to say, so far as the Manchurian incident is concerned, that it is the firm conviction of our public that the course of action taken by Japan was the only one by which the lives and interests of our nationals could be protected. And because we believe, in the light of past experience, that Japan has been second to no country in her faithfulness to treaty obligations, nothing strikes us as more unseemly and surprising than the observation that it would be of no use for America to conclude a treaty with Japan.

It has been brought to our attention that sundry rumors are afloat in America regarding Japan's disarmament policy, and that critical views are being voiced over there by way of rebutting our rumored contentions. So it may not be amiss at this point to undertake an explanation of some of the points criticized in order to show what is the current opinion in Japan.

The first of these is that "since there has been no change in the international situation geographically since the conclusion of the Washington and London treaties, there is no justifiable reason for the contention that the relative naval strength of the powers concerned as fixed by those treaties should be revised." But that argument loses sight of the fact that geographical situation is not a factor wholly independent of numerous other considerations. So, we contend, the improvements made in naval vessels and other weapons as well as the changes that have taken place in international relations have brought about changes in the geographical situation. And to prove the soundness of this view, we think it is sufficient to cite the popular belief that the world has diminished in size as a result of the development of the means of communication and transportation.

The second argument is that "since the United States and Great Britain are geographically too far removed from Japan to be able to attack the latter, the existing ratio is adequate." But what of the factor of mobility of naval power? Fleets can be and are freely moved from any spot to another on the seven seas, as Russia demonstrated so clearly some thirty years ago when she brought her Baltic fleet all the way into Oriental waters to reinforce her Pacific fleet against our forces. So the advantages or disadvantages of attack and defense depend in no way on the distance between countries; the determining factor is the relative strength of their armaments.

The third argument that has been advanced in criticism of Japan's disarmament stand is that "since Japan has one of the strongest armies in the world in addition to her navy, a defeat in naval engagement would not necessarily be fatal to her because her superior army would be able to crush the enemy if a landing should be attempted." But even the layman must know that in every country the army and the navy have their respective and separate functions to perform in national defense, and that it is only through the cooperation of the two

forces that the defenses of the nation can be secured. This applies more forcibly to Japan than to any other country, for we face on the Asiatic continent one of the strongest armies in the world, and on the other side, across the ocean, the world's most powerful navy. To Americans, living as they do in a country completely self-sufficient in the supply of natural resources, the argument that Japan could use her army to crush the enemy in the event of a defeat at sea may appear reasonable enough. To us, however, living in a country completely surrounded by water, the maintenance of our sea lanes is the essential condition of our national existence. If we are defeated in a naval engagement, how can our sea lanes be maintained? Hence the thought so strongly prevalent in Japan today that under no circumstances can we afford to suffer defeat on the sea.

Fourthly, it has been said that "since the remotest of Japan's island possessions as well as of the mandated islands in the South Seas is not more than 2,500 miles away from the home country, she would have a far smaller area to defend in case of war than would either the United States or Great Britain; and when the shortness of her coastline is also taken into consideration, it is obvious that the size of the naval force which Japan will need and the tactical difficulties which she will encounter should be greatly diminished." Naval strength is, of its very nature, a quantity that can be measured only in relation to the navies of other countries; it is not an absolute quantity computable upon such basis as the length of coastline or the distance between the home land and its island possessions. What we need to consider is the total force which, in its relation to other forces, will be adequate to guarantee the safety of the country. It would indeed be difficult, for instance, to consider the coast defense force of a country independent of that total force.

Fifthly, it has been argued that "Japan has already completed construction almost up to the treaty limit while America and England are still far below their limits, so that the actual ratio obtaining today is something better than 5:5:3 for Japan." It is true that Japan is hastening construction so as to bring her navy up to full treaty strength. She is doing so, however, only because of the conviction that with anything less than that strength, security of her national defense is absolutely unattainable. And if, on the other hand, the American Navy today is below the treaty limit, might it not be said that America has refrained from carrying out the naval construction allowed her by the two existing treaties simply because she saw no need for anything beyond what she already possessed?

The sixth argument is that "there is no need of revising the existing ratios because the menace to Japan has been reduced by the independence of the Philippine Islands." But in the opinion of the Japanese people the question of Philippine independence is a purely domestic problem of the United States and has nothing whatsoever to do with the question of naval disarmament. Consequently, the fact that the Philippines may gain their independence would not reduce in the slightest degree the menace which we would feel so long as America remains in possession of her superior fleet.

The last argument to which we would refer is the one to the effect that "if the existing treaties are to be revised, the restrictions on fortifications in the Pacific must be abolished." According to the late Admiral

Mahan, however, the things to be feared are not fortifications and bases, but the fleets which operate under their protection. And the soundness of that view is understood by the Japanese people. In any case, we rest assured that, however much land batteries may be increased and naval bases expanded, such batteries and bases will never come steaming into our adjacent waters for a direct attack upon our defenses. Unfortunately for us, however, we do not enjoy the same immunity from the fleets that operate under the protection of those batteries and bases. So what concerns us most is the relationship between those fleets and ours; we are anxious that the balance between them should be such that neither will be able to menace the other. To put it in other words, the Japanese people have not the slightest intention of considering the question of restrictions on fortifications as a *quid pro quo* for the maintenance of the existing treaties in their present form.

The foregoing paragraphs, we believe, have covered the principal points relating to the armament question. But a further word would seem to be called for by the present tendency in America to attach great importance to her markets in the Orient, exclusive of Japan, for some of the reports coming from America would lead us to believe that she is even forgetting the fact that Japan is her best customer in the Orient. Even granting that the facts justify America's attitude toward her Oriental markets, it must be borne in mind that the maintenance of peace is the first prerequisite to the development of international trade. How to maintain peace in the Orient, then, becomes the crucial problem. The Japanese are by no means opposed to the open door policy. But they do realize that to maintain that policy there must be peace, for in the absence of peaceful conditions purchasing power is greatly weakened and the open door would become meaningless. What country, then, is to address itself to this essential task of maintaining peace in the Orient?

It must not be overlooked that there are active in the Orient at present numerous baneful forces retarding the advancement of civilization and detrimental to the maintenance of order. It is easy enough to talk of peace, but the task of maintaining that peace is beset with tremendous difficulties. It is a task calling for a strong navy as well as a powerful army. In the performance of this task Japan has made tremendous sacrifices during the past ten years and more; and yet we have accomplished but a part of our mission. It is the firm conviction of the Japanese people today that it would be impossible for any country other than Japan to fulfill this mission successfully; and this fact, we believe, will be readily admitted by other nationals who have any understanding of conditions in the Far East.

President Theodore Roosevelt once said: "A country, in order to wage war successfully in Manchuria, must possess an army as strong as that of Germany and a navy as strong as that of Britain." This wise observation goes directly to support what has just been said regarding Japan's mission. And the fact becomes even more obvious when the likelihood of some strong country other than Japan, far removed from the Orient, maintaining in this region a permanent garrison of ten or even fifteen army divisions is considered. Surely, if the American people, with their characteristic intelligence, would but give thought to this fact, Japan's position must at once become comprehensible. So far as the Japanese people are concerned, the fact that they

alone are performing the task of maintaining peace in the Orient does not mean that they have any intention of closing the doors of the Orient to other nationals. Indeed, nothing is further from their thought.

Moreover, the opinion seems to be prevalent abroad that Japan is now dominated by a group of reactionaries and that the time will come, sooner or later, when the liberals will regain their former strength and position. To that observation we would reply that nothing could be wider of the mark, for the public sentiment prevailing in Japan today reflects the opinion of a preponderant majority of our population; and what is thought in some quarters to have been the period of ascendency of liberalism in our country was the period during which the Japanese people as a whole maintained the policy of watchful waiting. But the experiences of the last ten years have convinced us that that policy does not further the cause of peace in the Orient. More than ten years of patience and passivity having proved of no avail, we have come to believe seriously and with all sincerity that to take the initiative in fostering harmony and cooperation among the races of the Orient is the national destiny and mission of Japan, which is calculated to contribute to the promotion of the welfare of mankind throughout the world.

Finally, as regards the question of a race in naval construction, the Japanese people are of course aware of its serious implications and would not for a moment think of provoking such a race by their own action. But it must be said that, much as we dread the very thought of an armament race with other powers, the need for guaranteeing our national security is of such overwhelmingly greater importance in our eyes that if such a race is forced upon us through the refusal of the other powers to listen to our contentions, the Japanese people would be prepared to take up the challenge. Their minds being made up on this point, neither the threat of an armament race nor the thought of its dire consequences to the nation could possibly shake them.

As to what plan the Japanese Government will formulate to cope with the disarmament situation, the writer is of course in no position to know at this early date. But it may be said with confidence that no plan will satisfy our people unless the following points are incorporated therein:

1. Early removal of the disadvantageous restrictions of the existing treaties.

2. Abolition of discriminatory ratios.

3. Guarantee of national security.

4. Acquisition of autonomy in national defense.

5. The realization of a logical disarmament régime through voluntary reductions on the part of powers now most highly armed under the existing treaties, and the fostering of a situation in which no nation will be able to menace another.

What Japan is demanding, in the last analysis, is absolute equality in the right of national existence. And all we ask to that end is that the powers now most strongly armed should carry out reductions of their own accord so that all the nations concerned may enjoy an unperturbed sense of security. That is the reason for our confident belief that the acceptance of the Japanese proposal, when it shall be presented, by the other powers will enable all the nations concerned to feel secure as to their national defense and will conduce to economy of naval expenditure and the furtherance of the cause of world peace.

Inflation: Promise or Peril?

By ALZADA COMSTOCK*

NEVER since that time, thirty-eight years ago, when Bryan with the use of one undying phrase, "the cross of gold," split the electorate into two opposing camps, have the people of the United States been as alive to monetary issues as they are today. Then the question was simple: to coin silver freely or not to coin it. Now we are encompassed by hosts of witnesses -- inflationists, devaluationists, managed currency exponents, gold price men, sound money men--all shouting together, but speaking few words that will live.

Much of the shouting is useless now, for that which is done cannot easily be undone. Gold has been cut away from the dollar. Silver, to which all has been forgiven, may now come home. The government has borrowed money here, there and everywhere, and with it tirelessly primed the stubborn pump. Suddenly the issues have cleared again, dividing sharply one from the other. Has it been a failure, this experimenting, and all for nothing? Are the President's advisers like the warriors in Shaemas O'Sheel's poem, who "went to battle forth, but always fell"? Or is recovery through further inflation just around the corner?

It is a long story, that of the administration's persistent efforts to bring back prosperity through the manipulation of currency and credit. The beginning is in the confused first days after the President took the oath of office, when the bank holiday tied up the nation's business, frightened an already nervous public and made it necessary to prohibit hoarding gold or sending it out of the country. Before we—or the foreign exchange markets—really comprehended what was happening, the gold embargo was made permanent. The new monetary era had begun.

There followed a short breathing space in which the public began to learn by what manner of theory the new policies were to be directed. The first definite statement of the President's plans for raising prices came in a radio address on May 7, 1933, in which he said: "The administration has the definite objective of raising commodity prices to such an extent that those who have borrowed money will, on the average, be able to repay that money in the same kind of dollar which they borrowed." This was a definite promise of relief to the harassed debtor class of the United States—people who, if able to pay their debts at all, were paying back in purchasing power much more than they had received when they borrowed.

At once the first sign of a rift in public opinion appeared, a rift which was to widen, deepen and extend in many directions in the following months. Deflationists — those tough-minded people who object to currency tinkering and think we should climb back from the bottom under our own steam—tried somewhat tentatively to argue that nobody tried to help the creditor in those years when he was

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being paid back considerably less than he had lent. But nobody loves a creditor, and these voices were lost in the first din of approval.

Soon the formula for recovery through price-control became more definite. The President began to reiterate his twofold purpose of restoring commodity price levels and then, when the "appropriate" price levels were reached, of stabilizing them. The public at once made up its mind that the prices of 1926 were "appropriate," and to that conviction it has clung, although as far as is known the President has never specifically committed himself to those figures. To this day the Committee for the Nation, fervent and voluble exponents of the recovery-through-price-control plan, are asking for further manipulations of the gold price so that the magic level of 1926 may be reached.

Next came a moment of swift decision. When the World Economic Conference met in London in June and July, 1933, Great Britain had been off gold for nearly two years, and during that time she had succeeded in keeping the pound satisfactorily low in relation to the dollar. But now the United States was also beginning to depreciate its currency. The conference seemed to offer a good opportunity to Great Britain and the rest of the sterling area, and to the gold standard countries as well, to stop the dollar before it had gone very far by getting the United States to sign a currency stabilization agreement. "At London the United States was asked, in effect, to stabilize the dollar *at the bottom of extreme deflation*," says Lionel Edie in *Dollars*, speaking from an admirable comprehension of the issues if not with the usual diplomatic circumlocutions. "The lesson of this episode was that the American Government could not trust the British Equalization Fund or the Bank of England to manage its dollar."

On July 3 the President sent the conference a message—read by the world, by a significant coincidence, on Independence Day—to the effect that American price-raising aims must come first and no stabilization arrangement must interfere with them. "The United States seeks the kind of dollar which a generation hence will have the same purchasing and debt-paying power as the dollar value we hope to attain in the near future," he wrote. "That objective means more to the good of other nations than a fixed ratio for a month or two in terms of the pound or franc." With the receipt of this statement the sterling countries and the gold bloc, somewhat startled, gave up hope of stabilizing the dollar at the low point of deflation, and the President remained free to work out internal price-raising devices.

It was now the turn of theory in good earnest. George F. Warren, Professor of Farm Management at Cornell University, joint author with Professor Frank A. Pearson of *Prices,* and soon to be the object of the fierce support and bitter vituperation that still divide the monetary camps, entered the field as adviser to the President and a guiding force in American currency policy. Professor Warren believes that price increases and hence, presumably, prosperity, are easy to achieve. "It is very easy to raise the price level by the expansion of the currency," say Warren and Pearson on page 371 of *Prices*. There is no need of bothering with the paper element in currency, however, for "there is no way of printing paper money that will make it possible materially to change the relative values of gold and commodities." Only one simple action need be taken: "By reducing the weight of

gold in the dollar, any desired price level can be established."

It must have heartened the administration greatly to learn that it was all so easy. "*Any* desired price level can be established!" The government plunged in. On Oct. 25, 1933, the Reconstruction Finance Corporation began to buy gold at $31.36 an ounce, a figure slightly above the world price. The policy was continued, with successive slight increases in price, until on Jan. 30, 1934, the announcement was made that the United States would at once return to gold, with the gold content of the new dollar 59.06 per cent of the gold in the old dollar. Thus simply was the dollar devalued and a money profit made for the Treasury of nearly $3,000,000,000 by the new valuation of the former gold reserve.

Since then the battle of words between the recovery-through-price-control exponents and the pessimists has been in full swing. Bankers, professors, Wall Street men, business men, bright specialists with hunches—all are speaking their minds, and each group seems to be split right down through the middle. One part argues that, try as hard as you may to juggle prices, you cannot make a man branch out in business as long as you keep him nervous about what will happen to his markets and his property next month. The other side maintains that the system is infallible, but that miracles must not be expected in a day. The process of price-raising takes time.

Figures used by both sides make the confusion worse. The gold price men claim that the statistics show that the infallible system is already producing results. "We have had a rise in prices of basic commodities about equal to the increase in the price of gold," reported Professor Pearson, Professor Warren's colleague, in a paper before the Academy of Political Science in April, 1934. "Why do we now have 12 and 14 cent cotton instead of 6 cent cotton, as in February, 1933?" asked Senator Thomas of Oklahoma in a radio address in August, 1934. "The value of gold has changed but slightly. The real value of cotton has changed little. But we have changed the amount of gold we call a dollar. *We have made more dollars—35 instead of 20—out of each ounce of gold.*"

Pessimists fling back protests. Why, they ask, if the price program is such a success, is the proportion of unemployment in the durable goods and construction industries higher than in any other large group? Why, in such comparative studies of industrial production as that in the League of Nations *Monthly Bulletin of Statistics* for August, 1934, is the United States almost a tail-ender, with 77.5 per cent of 1928 production, while Great Britain has 103, Germany 89, Canada 81, and even France 78?

Gold price theorists reply somewhat inconsequently that such observations represent a common misunderstanding. Retail prices, together with many other indices of the kind, always rise more slowly than wholesale prices. Just a little longer, and retail prices and the other figures which the critics are watching will begin to catch up with basic commodities. To this the pessimists return the protest that price increases are not an absolute guarantee of a corresponding improvement in the volume of business activity. What this country needs is a degree of confidence which will produce a demand for durable goods.

The price-raising policy of the administration has not in fact been given a fair chance on account of the parallel operation of the National Recovery Administration and the Agricultural Adjustment Administration. Paradoxical as that observation may

seem, it is justified from the price-theory side by the interference with price trends which has been involved. In the camp of the critics the uncertainties of the administration's economic program serve as an explanation of the failure of business confidence to revive.

It is still too early for an appraisal of the full influences of these two branches of the whole recovery program. It is sufficient to indicate here that they were directed toward the attainment of a better social order, while the price-raising devices rested on the assumption of a return to the conditions that existed before the depression. The President was undoubtedly animated, in pushing through the new industrial and agricultural regulations, by a desire to effect a gradual redistribution of income for the sake of the temporarily handicapped and permanently impoverished classes in the population. Industrial workers were to be assured a fair and regular share of the product. Farmers were to see their prices brought more in line with factory prices. Handicapped business men were to be freed from cutthroat competition and wild price fluctuations.

Without going into the disputed questions of whether these aims have been to any considerable extent accomplished or whether they are fundamentally consistent with the American political and social philosophy, it can be admitted that humanitarian aims and mathematical formulas make bad bedfellows. All in all, the attempt to combine them has given much comfort to the anti-Warrenites, who have maintained all along that whatever the price of gold may be, the more energetic manufacturers and traders, those upon whom the country is depending to buy up their share of durable goods and start things moving, cannot be made to expand their operations while they are uncertain about business costs, profits, and even property itself.

Hard upon these experiments came the administration's new silver policy. The Silver Purchase Act of June 19, 1934, the nationalization order of Aug. 9, and the announcement of Aug. 11 that the government was about to issue silver certificates against the silver stocks already in the Treasury, have combined to give silver a position in the currency system that is evoking prophecies of further inflation.

Although the elevation of silver was probably decided upon for political reasons, its more important repercussions are in the monetary field. Since the government is allowed to increase its holdings of silver up to 25 per cent of the total metallic reserve, or to the amount of about $2,000,000,000—an achievement which would require large purchases of foreign silver—the resulting theoretical expansion in deposit currency is $20,000,000,000, a figure which gives some justification for the alarms which are going round. Furthermore, the impossibility of settling foreign balances in silver might create a problem if another prolonged period of capital exports should occur. Silver could not be acquired from abroad without a considerable export of gold, and the gold reserve of the country would be correspondingly depleted.

Since no one knows what the government's actual practice with respect to silver is to be, all this is in the realm of speculation for the moment. Critics of the official monetary policy maintain, however, and with some justice, that still one more factor has been added to those which undermine confidence in future business stability and the integrity of government credit.

Not content with monetary and social novelties, the government has also been priming the pump in an old-fashioned way spending money freely for public works as well as for relief. "The most riotous spending in the history of the nation" is the Republican National Committee's way of describing it. The figures are in fact imposing. In the first year and a half after it took office the present administration spent about $10,000,000,000, of which about $4,000,000,000 came from the budget and the rest from public loans. As a result the national debt has risen well above its post-war peak to more than $27,000,000,000. The funds, borrowed from individuals, corporations and commercial banks, have been spent on unemployment relief, public works, civil works, conservation and relief to farm owners and other debtor groups. The Winter of 1934-35 promises bigger unemployment relief bills and further calls for drought relief.

Even on this policy the opinion of the country is divided. The only point upon which there is agreement is the simple fact that, come what may in the line of paying the piper, a large sum of money has been put into circulation in this country in such a manner that it is bound to flow through the hands of people all down the line of production and trade, from durable goods manufacturers to retail stores. Bankers at once object that much of it is business which is properly theirs, but which has been taken over by the government, leaving the banks little to do but twiddle their thumbs. Has not the banking system, the pivot of returning confidence, been permanently handicapped? And what of the seriously unbalanced budget and the mounting national debt? Does not their very existence do more harm by undermining faith in the future security of the country than the actual spending does good? Must not cumulative monetary inflation be the inevitable result?

People who remember the circumstances in which the disastrous post-war European inflations started are uncomfortably aware that the germs of such an epidemic are present in the United States. A budget deficit is always the point at which the inflation spiral originates. A government unable for one reason or another to meet expenses to which it has committed itself, such as post-war reconstruction work, begins to borrow beyond the limits formerly considered wise, with the result that the budget, burdened with an ever-increasing load of interest charges, is thrown more and more out of balance. The situation is disquieting, but as long as the government can borrow the process can go on. Eventually, however, the public will no longer buy bonds, partly because the domestic market is satiated, but largely because the budget deficit, increasing month by month, has filled the investors' hearts with fear that neither the interest nor the principal can ever be paid.

The day comes—a day which the United States Treasury has not yet faced—when the government can no longer borrow. There is now only one possibility. Paper money must be printed in rapidly increasing quantities to pay the government's bills. Now the spiral widens. Prices rise rapidly and the size of the government's current expenses increases proportionately. But the revenues, coming in from taxes on incomes at last year's low rates or death duties at the prices of two or three years ago, are now only a pitifully small figure in the inflated budget. The crash comes soon, but before it comes the wage-earning classes and the funded-income classes

will have been close to starvation, as the Americans who subscribed so generously to the support of the German and Austrian populations, in their inflation periods, will long remember.

Perhaps it is only a nightmare. Perhaps nothing of the kind can happen to the ever-fortunate United States.

A glance at the actual resources of the banks at the present time reveals a curious situation; one which, according to the point of view, holds either the promise of recovery or the threat of exposure of one of the government's serious mistakes. The Federal Reserve member banks alone are loaded up with about $2,000,000,000 in excess reserves, with which, if they chose—or so it would seem—they could finance about $20,000,000,000 of loans and investments and expedite recovery accordingly. Why do they not choose to do so?

Something has gone wrong with the formula. The theories of the government's monetary advisers include, apparently, the widely held doctrine that if money is poured into the banks, sooner or later it will be lent again, and will thus expand and get about in the form of check currency, no matter how gloomy people may be about the future. Given a fair chance, excess bank reserves ought to multiply themselves by ten as they pass into circulation as deposit currency. Think what $20,000,000,000 worth of business could do for this country!

The reserves themselves are respectable enough. They have appeared chiefly as a result of new gold imports and Treasury spending of gold certificates, and thus seem to be fairly permanent. The trouble is on the lending side. But even there it is not enough to say that the banks, having had their fingers burned once, are now so wary about the fire that they do not wish to lend. Bankers, buttonholed and forced to explain, ask: "Lend where?" A good part of the market has vanished, now that the government has agricultural loans out to about $3,000,000,000—not all of it of a banking character, to be sure—and sizable loans in other directions. And the banks see the remaining risks as increasing rather than diminishing. Municipalities with growing relief rolls are losing their credit standing, railroads are in a far from healthy condition, and the list of shaky industrials and public utilities is discouraging. To make confusion worse confounded, the government keeps on saying to the banks, "You *must* lend!"

One of the somewhat masochistic pursuits of that large group of bankers and economists who remain outside the brain trust in person and in spirit is figuring the theoretical maximum of inflation on the basis of the existing monetary and credit situation. Professor Frederick Bradford's estimate, in his recently published pamphlet, *Monetary Developments Since* 1932, is $150,000,000,000. Check currency based on the excess reserves and profit from the devaluation of the dollar would account for $80,000,000,000 of this and $70,000,000,000 would be based on silver, silver certificates and other elements in the existing system. It is not clear whether or not Professor Bradford has included in his estimate alternative uses of the gold profit and the metals in the gold-silver ratio, but that is immaterial, for Professor Bradford believes that the theoretical maximum will not be reached unless gold exports are forbidden and the reserve requirements changed. Long before the heights of credit expansion are attained, prices will rise and the increased demand for money combined with the loss of gold to foreign countries will reduce reserves

and bring the expansion to an end.

Many responsible and well-informed people in the United States are intensely alarmed about the imminent possibility of inflation. "There are developing today conditions and movements which point definitely toward dangerous inflation and to the further mutilation of our currency system in the near future," says the Economists National Committee on Monetary Policy in an appeal issued in October. The Cleveland Trust Company's September *Bulletin* declares that "the most bitter opponents of inflation are those peoples in other countries that have had recent personal experience with it. In near unanimity they join in agreeing that their inflations ended in failure."

On the other hand, experts in good repute can be found who maintain that the inflation immediately at hand for the United States is desirable, effective and controllable. Their spiritual heritage comes, apparently, from J. M. Keynes, who tried vainly to convince his own country in the Spring of 1933, through the columns of the London *Times*, that "the means to prosperity" (the title of the articles) lay in expanded government borrowing and extensive expenditure for public works. Do not make the mistake of assuming, said Mr. Keynes that the "primary expenditure" on behalf of the unemployed man and the "primary employment" thereby given are the whole story. The first expenditure sets up a series of repercussions, further purchases and further transactions, which give a "multiplier" of something like two for Great Britain and slightly more for the United States. And, he added, do not forget that you need cheap money.

Transferred to the American situation in the late Autumn of 1934, these arguments give a measure of hope. To the optimists they suggest that the government's program, more consistent than its critics believe, is about to bear fruit. Public expenditure, which has unfortunately slowed down a little in recent weeks, must certainly rise again as Winter approaches. The "multipliers" will begin to act and industry will respond with turning wheels and smoking chimneys. Cheap money will at last begin its work and will play its own part in stimulating borrowing, construction, manufacture and thus general industrial and commercial activity. When the desired price level is reached it can be held and inflation checked by the established machinery of currency and credit control.

The optimists have further enjoyable moments when they turn upon the critics of the official policy and point out that those critics maintain in one and the same breath that the government program will produce no results and that it will produce so great results that it can never be stopped. Also, in one and the same breath, the sound-money men oppose currency inflation and advocate credit inflation.

Meanwhile, the common man is asking for results, not arguments and recriminations. As he looks over the Autumn reports on business activity, he sees certain signs of upturn. In a confusion characteristic of the American people today, he asks himself whether the revival, the beginnings of which he desires and perceives, can stop short of a disastrous boom which holds within itself the seeds of its own destruction. To him who can answer correctly will be given peace of spirit as well as great material gain.

League Gains From Russia

By Allan Nevins

THE admission of the Soviet Union into the League of Nations, as formally consummated on Sept. 18, 1934, is a great historic event. Ever since the founding of the League, sixteen years ago, the chief objection to its claim to represent the opinion of the entire civilized world has been the absence from its councils of the United States and the Soviet Union. Now half of this objection is canceled.

It is unfortunately true that Germany and Japan are no longer to be found at Geneva. But they withdrew for reasons entirely discreditable to themselves and wholly creditable to the League. Of all the nations which today may be regarded as firm friends of peace, two only—the United States and Brazil—are absent from this great world council.

The adherence of Russia is a remarkable tribute to the vitality and value of the League. For years Soviet statesmen spewed forth their hatred and contempt for it, but circumstances have at last brought their government within its gates and have compelled M. Litvinov to pay homage to it as an organization whose work may well prove "of incalculable advantage to humanity."

The circumstances of Russia's admission give it a remarkably dramatic character. Two years ago the idea of her entrance would have been thought preposterous; even a year ago it would have been pronounced impossible. But now Russia joins under the sponsorship of France, the very nation that for years after the war urged the rest of Europe to form a *cordon sanitaire* that would shut off the Soviet realm like a plague-infected area. French sentiment has strikingly changed since the days even of Briand's plan for a "United States of Europe," which appealed to many Frenchmen as a possible league of capitalistic nations against Soviet Russia.

The Soviet Union enters likewise with the cordial good will of Italy, whose government is the diametrical opposite of Russia's, and of Great Britain, whose present Ministry is composed mainly of Conservatives, who feel a traditional hostility to any association with Communists. Even Poland, long so fearful of her huge neighbor, was ready to welcome her.

Two basic sets of facts have made this striking event possible. One is the great change which has taken place during the past two years in Russia itself—the same change which made feasible the American recognition of the Soviet Government in 1933. The main impediment to Russian entrance into the League, as into American confidence, was always the doctrine of world revolution preached by the Comintern (Third International) and accepted by the Russian Communist party. Just after the World War the nations of Western Europe looked forward to the day when counter-revolutionary forces, which they fomented and aided, might win control of Moscow; the Soviet leaders looked forward equally to the day when revolutionary forces might triumph in Warsaw, Berlin and Rome.

The Western nations soon learned

better. Fully ten years ago British and French statesmen realized that the Soviet Government was in power to stay. But in Moscow there was still a long political struggle before the advocates of world revolution were overthrown and the doctrines of the Third International summarily set aside.

In fact, the struggle in Russia between those who demanded that the Soviet authorities continue to foster revolutionary movements in other lands and those who favored a peaceable foreign policy became most acute after Lenin's death in 1924. It involved much theoretical argument: writers had been debating for years whether a Communist State could be maintained singly in a capitalist world or not. It involved issues of practical world relations. So long as the adherents of Trotsky fought on fairly equal terms with those of Stalin and the controversy raged without decision, the outside world found Russia untrustworthy.

In the end Stalin won a decisive victory. Following the exile of Trotsky, in 1929, supporters of the latter were silenced and his views discredited. There was no open renunciation of the Third International, but as Michael Florinsky has pointed out in his *World Revolution and the U. S. S. R.*, "it has suffered a complete eclipse." Russian leaders at last recognized that the Communist strategy was radically inappropriate to the social and political system of Western Europe, and that it was useless to try to apply it. They equally recognized that in both trade and diplomacy they needed the friendship of the West.

Without formal abandonment of the tenet of world-wide revolution, the Soviet authorities have turned their back on it as helpless and embarassing. Even their sentimental attachment to it has waned. This position, long ago comprehended by such able press observers as Walter Duranty, has now been recognized by the chief governments of the world.

Russia has of late given many proofs of her distinct attachment to peace. At the various meetings of the World Disarmament Conference she has consistently taken the forefront with her proposals. She has stood almost alone in professing eagerness for *complete* disarmament, which would be decidedly safer for her than for most nations. She has acted vigorously to improve her relations with all the States around her, from Finland to Afghanistan. While other countries were signing vague treaties for the renunciation of war, Russia urged a clear definition of what constitutes "aggression." In the Summer of 1933 she concluded the most explicit "non-aggression" treaties with a long list of countries, including Poland, the Little Entente, Turkey and the Baltic States. These treaties were much clearer-cut than the Kellogg Pact, and they have been taken at their face value by the Poles, Finns and others.

The second set of forces which made Russia's entrance inevitable was furnished by Germany and Japan. Unquestionably the man who did most to bring the Soviet Union to Geneva was Adolf Hitler. From the moment of his rise to power France began to look eastward for help. Meanwhile, his relentless persecution of Communists aroused a deep resentment in Russia. Even more important, his ill-concealed desire for territorial gains in the Baltic region and perhaps the Ukraine has made the Russian leaders indignant and apprehensive.

There was a time years ago when Europe trembled for fear lest Germany and Russia, two outcast nations, might join hands and assert their

power together. But everything that Walter Rathenau, the great German industrialist and statesman, had accomplished at Rapallo in 1922 to bring the two countries together, was undone in a few weeks by Hitler. The quarrel over disarmament enabled Russia to come forward openly last Spring as the friend and supporter of French policy. France naturally welcomed her with open arms.

While France has always been aware that Russia offers one of the greatest reservoirs of military manpower in the world, in the last two years she has discovered another fact of equal importance. This fact is Russia's fast-growing effectiveness in the air. Not only is the present Soviet air-force one of the best in Europe; the Russian capacity for the manufacture of airplanes is already greater than that of France or Great Britain, and nearly equal to Germany's potential capacity. So far as there is a German threat today, it is the threat of air and chemical warfare. France realizes that the Russian air-force might well turn the scale.

Even without her Far Eastern difficulties, Russia would have been brought into the League by the German menace to European peace. But from the Russian point of view, Japan furnishes a second and clinching reason. Eventually, if not soon, another Russo-Japanese war seems all too likely. For more than a year the whole world has regarded it as probable. Russia can have no exaggerated belief in the capacity of the League to prevent it. But Soviet leaders may well hope that the League, if and when war occurs, can do much to restrict it to the Far East. There is much evidence today of bitter want and rising discontent in Russia. A Far Eastern war would throw a heavy strain upon her resources and finances. Both in Tokyo and Berlin there has doubtless been much speculation whether the shock of a sudden conflict might not bring about a Soviet collapse, or at any rate render Russia vulnerable to attacks from some new quarter. The dire possibilities of a simultaneous embroilment with Japan on the east and Germany on the west, perhaps accompanied by an artfully stimulated revolt in the Ukraine (for Hitler has already raised a Ukrainian as well as an Austrian legion), can hardly have failed to touch the Russian imagination. No one knows just how far the understanding between Warsaw and Berlin may have gone beyond the text of the recently published treaty. In the circumstances, Russia must be grateful indeed for the prospect of League protection in her rear if she becomes engaged with Japan in front. And France would unquestionably see that the League offered the fullest protection possible.

While some opposition to Russia's entry into the League was inevitable, the fact that it was so slight proved how eagerly most of the nations at Geneva welcomed her. Only four countries showed a strong antagonism in the Assembly debates, and only one took an embittered position. This was little Portugal, whose representative, Foreign Minister Caeiro da Matta, declared that the Soviet Union is opposed to "the concepts that are the basis of our age-old civilization, and that constitute the very essence of our culture and our ethics." In the background of his and the Belgian opposition obviously stood the Vatican. The objections of Calvinist and ultrademocratic Switzerland were stated with pleasing moderation by M. Motta. Holland, while voting No, did so without any public statement of reasons. Dr. O. D. Skelton, Canadian Under-Secretary for Foreign Affairs, declared that while Canada was

strongly opposed to Soviet doctrines, she would support the admission of Russia in the interests of a new era in world history.

In the end the resolution for entrance passed by a vote of 38 to 3, Belgium and a few others not voting. Fear of Germany accounted for many of the favorable votes. But more were undoubtedly prompted by the primary consideration which Eamon de Valera set forth: the consideration that a nation with 165,000,000 people, and a territory three times the area of the rest of Europe, must add greatly to the power of the League and the value of all its undertakings.

In some quarters friendly to the League it is objected that Russia's admission converts it more than ever into a "chessboard." Entering as the associate of France, some argue, she confirms the transformation of the League from a body which frowns upon groups and alliances into a body which fosters them. But this objection has little force. It is perfectly true that the League now presents the possibility, though by no means the actuality, of a great anti-Hitlerite coalition of nations. But, in view of the very real menace which Hitlerism has shown itself to be, the League would simply fail of its proper function if it did not offer this possibility! The European situation may at any time require united action to hold Nazi Germany in check and convince her of the wisdom of peace. So long as this is true, the League would be worthless if its moral force—it has no other—could not be arrayed overnight against German rashness. Of course, whenever Germany or Japan is ready to re-enter the League, she will be received with open arms.

The Reich is still in possession of a permanent seat on the Council, for her notice of secession does not take full effect until next year. She could, if she wished, resume her powers there at once and exercise her veto upon any of the numerous courses of action which require unanimous consent. And in any event, a League which includes powers as jealous of each other as Italy and France, and which now has a total of sixty members in all, will not easily be made the football of any special alliance.

The real danger to the League lies in special alliances formed quite outside it. The Eastern Locarno scheme so vigorously urged by M. Barthou might, if Poland should decide to support it and Germany continued to refuse, lead to such an alliance. It would forge an iron ring about Germany, pledging Russia, the Baltic States, Czechoslovakia and Poland to defend the Versailles settlement in Eastern Europe against any attempt whatever to alter it by force, even by covert and indirect warfare.

There is great doubt if the Eastern Locarno would, without Germany, contribute to peace in Europe. There is still greater doubt whether its whole spirit is not in conflict with the League spirit. Thus far Warsaw as well as Berlin has turned a very cold shoulder to it. If France has really been making efforts to bribe Poland to support it, as her announced loan to the Bank of Poland indicates, she has thus far failed. The first Locarno showed that such regional agreements do not give the nations which subscribe to them a sense of security; a second Locarno which Germany entered rebelliously or not at all would be a dangerous source of friction.

The next great gain for which the League may now hope is a decision by Germany, before her two years' grace expires, to cancel her withdrawal. But she should not be dragooned back

to Geneva; she should be persuaded to go in a willing and helpful spirit. Whether that is possible depends first of all upon France. The German press has lately been declaring that a return of the Reich might be arranged if the Saar question were settled satisfactorily and if Germany's right to equality of armaments were admitted. The Foreign Minister, Baron von Neurath, in his speech in Berlin just after Russia's entry into the League, emphasized both these prerequisites to German action, and spoke also of "reforms" in the covenant. Doubtless the Saar issue will be disposed of within a few months.

On disarmament France will have to yield considerably before any agreement is possible. Since she has remained adamant under foreign and domestic pressure, the hopes for an early compromise are not bright. But the question will have to be settled some time, and there are two certainties about the ultimate settlement. One is that Germany's theoretical right to arm as heavily as her neighbors will have to be admitted. The other is that no plan for the limitation and control of armaments can be put into effect until Germany is back in the League.

Indeed, both Germany and Japan may soon think ruefully of the disadvantages of being outside the door. There is a sting of truth in Stalin's recent remark: "The fact that bellicose nations with aggressive designs cannot stay in the League is one of the best proofs of its worth." Both are placed at a moral disadvantage. They cannot but feel unhappily isolated. The United States has taken an increasingly friendly attitude toward the League, as is shown by its recent entry into the International Labor Organization and its whole-hearted enlistment in the work of the Disarmament Conference.

Washington has undoubtedly been pleased by Russian adherence to the League. It means that additional pressure will be available against any display of Japanese aggressiveness in the Far East; it means that if the United States ever again moves along the road on which Secretary Stimson took her in 1931-32, cooperation with Geneva may be much more effective. The risks of troublemaking are increased both in Eastern Asia and in Central Europe. As Japan and Germany become anxious to avoid the stigma of troublemakers, they may well move back toward the League.

Meanwhile, the entrance of Russia into the League adds greatly to its dignity and effectiveness in three respects. It emphasizes the universality of the organization. For a time the League seemed to draw a line against certain outcast nations which had excited the antagonism of their neighbors or whose place in the scale of civilization was regarded with condescension—Turkey, Mexico, Abyssinia, Russia. One by one they have come in. There are no barriers of race, culture, geography or goverment; the League is a body in which democracy, fascism and communism all stand on equal footing. In this connection, it may be noted that Russia brings not merely 11,000,000 square miles and 165,000,000 people to the League, but, as M. Litvinov pointed out, some two hundred different national groups speaking fifty different languages. She is a miniature League herself, and her peaceful organization of many varied peoples in itself shows the folly of an exaggerated nationalism.

In the second place, the adherence of Russia adds to the League the one country which joins the two chief danger spots of the globe, Eastern Europe and Eastern Asia; and thus as a matter of practical execution of

the covenant will make it much easier for the Council to deal with any imminent threat of war in these spots. Nothing hampered the League so much in handling the Manchukuo affair as the fact that Russia and the United States were both outside it. Prompt and decisive action in the early stages of that crisis might have been far more effective with Japan than the tardy and hesitant steps ultimately taken; and such prompt action would have been possible had Russia been at Geneva. Finally, the adherence of Russia emphasizes, as we have indicated above, the sharp line between those nations which desire peace and are unwilling to alter existing arrangements except by pacific means, and those whose leaders have shown a different aim and spirit.

The moral force which Russia can give to this differentiation may well prove the most important result of her entry. "Before the war," wrote Eduard Benes in a review of the first decade of the League published in 1932, "the foreign policy of all countries was as a rule egoistic and self-centred. Even if on some special occasion a statesman showed that he was conscious of the solidarity of all mankind, his action never progressed to the point of acquiring the form of general political organization. Decisions of war and peace, and the free use of national forces, were considered * * * untouchable. The new policy, as formulated in the text of the covenant, demanded from signatory States that they should realize that none of them is alone in the world; that each forms a component part of the international commonwealth; that the particular interests of each must be brought into harmony with the interests of others; and finally that there are certain moral and material interests common to all nations, and that to secure these each must resign certain of its sovereign rights." The new policy cannot be fully realized until, through the slow processes of education, a new spirit arises in the world, and until a change in the practices and traditions of each country makes good its signature to the covenant. But Russia joins those nations which count Geneva a rallying-point for all who believe in the international commonwealth.

In some respects the League today falls tragically short of the organization envisioned in 1918 by Wilsonian liberalism. Its sphere is far more limited than its most hopeful founders expected; its methods and purposes are too often those of *real-politik* and too seldom those of ideal politics. It is too much of Europe, too little of the whole world.

Yet with all its faults the League has proved indispensable to humanity. Every nation of any importance on the globe, save the United States alone, has now at least made trial of its opportunities and benefits; every genuinely peace-loving nation save ourselves and Brazil is now giving it at least some measure of aid and loyalty. Its potency for good is still enormous. Events may yet show, as Russia plainly hopes, that its mere name and influence will do much to avert conflict in the Far East, turmoil in Central Europe, and other evils which have of late seemed more and more threatening.

The entrance of Russia may yet prove a great turning-point in the fortunes of the League, its first step upward from the depression which it has of late years shared with almost every other institution on the planet.

The Progressives Make a New Bid

By E. FRANCIS BROWN

AMERICANS have for years been talking of the need for a new political party. But all the talk has led only to blasted hopes. Now, in the midst of economic crisis, out of widespread social unrest are emerging a few political groupings which may possibly go far. These originate in the Middle West and particularly in Wisconsin and Minnesota.

The Progressive party of Wisconsin, though a mere infant when compared with Minnesota's Farmer-Labor party, will bear watching if for no other reason than its intimate relationship with the La Follettes. When one thinks of Wisconsin, one thinks of the La Follettes, who for a generation have been the political leaders of the State and who have been largely instrumental in its efforts to become a model Commonwealth for the furthering of social justice. Many political families have appeared in the United States, but few like the La Follettes. They have been assailed as demagogues and as dangerous radicals, and they have been called the defenders of the downtrodden and the exploited. Men either whole-heartedly hate the La Follettes or love them for the enemies they have made.

Robert M. La Follette years ago stated his political philosophy when he said: "The supreme issue, involving all others, is the encroachment of the powerful few upon the rights of the many." Upon that issue he waged many battles both in Wisconsin and in the nation; for it he suffered public ignominy, and upon it he went down to defeat in the Presidential campaign of 1924, though he received a larger proportion of the popular vote than had been ever given to a minority candidate. "Fighting Bob," as he was affectionately called, died in 1925, but his two sons, Robert Jr. and Philip, have carried on the fight, adapting their weapons to the altered conditions of a world weighed down by economic depression.

There is magic in the La Follette name. The elder La Follette since his death has continually grown in stature, while most of his contemporaries have correspondingly shrunk. Moreover, in a vague sort of way, the impression has become widespread that Robert M. La Follette was a champion of the people.

Robert Jr., who succeeded to his father's seat in the Senate, has gradually won national prestige in his own right as a persistent, outspoken and courageous opponent of all that he regards as unfair or harmful to the American masses. Though Philip La Follette is not so well known as his brother, he has been Governor of Wisconsin and has kept before the public as have few other former Governors in any State. Both men are young and vigorous; both have come to typify in many minds the sort of leadership that will be needed if the United States is to find a way out of the economic morass. The fact that these men are not only connected with but have had a large part in creating Wisconsin's Progressive party has given that party an immediate national prominence.

Soon after Mr. Roosevelt entered

the White House men with their ears to the ground detected—or thought they did—rumblings in Wisconsin which indicated a demand for the organization of a new party. Local political conditions in any case seemed to make such action necessary. For many years the La Follettes and their followers had worked within the Republican party of Wisconsin, seeking to write its platforms and control its nominations. But in 1932 they threw their support to the Roosevelt candidacy. The overturn of that year gave the State into the hands of the Democrats, who quickly proved, so liberals charged, to be as reactionary as the blackest Republican stalwarts. What, then, was the La Follette group to do? Should it seek to recapture the Republican party, working within it as in years gone by? Or should it join forces with the Democrats in the cause of the New Deal on the assumption that the State Democracy might in the end be converted to liberalism?

Much more was involved than mere officeholding. Wisconsin, like the rest of the country, had undergone five years of privation and misery. Public opinion, it was felt, required that something be done, and that speedily. Philip La Follette believed the time was ripe for a new party which not only would inaugurate progressive principles in Wisconsin but would carry them to the nation. In his mind, and in the minds of others who thought with him, it had become clear that Wisconsin Progressives should no longer hide behind one of the major parties; they should step out into the open and unfurl a standard about which could rally liberals, radicals and all those who wish the United States to be a land of greater human happiness.

Yet how real was the sentiment in Wisconsin for a new party? Only a sampling of liberal opinion could determine the answer. With that end in view, a conference of Progressives was called at Madison in March. When the delegates, chosen in many instances by mass meetings of the rank and file and representing most of the counties of the State, disclosed that they were in favor of forming a new party, the more conservative Progressives were not a little surprised. They had underestimated the unrest among farmers and workers, had misread the signs of popular resentment against the status quo. Following a decision by the Wisconsin Supreme Court that a new party could have a place on the ballot at the Fall elections, a Progressive convention met at Fond du Lac in May. There the ardor for a new party was far greater than it had been two months earlier. Wisconsin Progressives were on their way.

Progressive leaders have repeatedly insisted that their party is an expression of the popular will; nor is their contention without weight. At the Fond du Lac convention it was decided that unless 50,000 signatures could be obtained on petitions for the new party, none would be created. Opponents of the Progressives immediately decided that since so large a number of names was out of the question, the leaders at Fond du Lac had purposely slain their child in its cradle. But there was a surprise in store. Within a month the Secretary of State had certified that more than 125,000 citizens had come forward in what Philip La Follette has described as "the greatest demand for political action in the history of Wisconsin."

Farmers, workers, intellectuals, small shopkeepers and manufacturers joined to form the Progressive party. In point of view they range from old-fashioned liberalism to socialism. Though they may disagree on imme-

diate measures, they are united on the ultimate goal of removing the maladjustments of the economic system, of ending the anomaly of poverty in the midst of plenty. This attitude was well put by the younger La Follette, who told a left wing Progressive conference: "Whatever differences of opinion exist in America between progressive-minded people arise largely over matters that in practice are unimportant. Experience has taught that those of common aims, confronted by factual situations, act without friction. Friction arises from two sources: differences in theory, which melt when confronted with fact, and, second, from those instances where personal rivalry and ambition transcend the common welfare."

Wisconsin law forbids a new party to set forth its platform until after the primary elections, and thus the Progressives during their preliminary campaign had no formal document to lay before the people. On the other hand, there was no reason why candidates should not make their position clear, and each of them did. If individual statements and the program adopted by left wing Progressives were studied, it was possible to discover pretty accurately the party's attitude toward the present crisis and the means it offered as a way out.

Like all strictly American movements, the Progressive is not doctrinaire. There is no finely spun ideology, no party jargon, no dogma. Instead, the men who shape the party's policies and proposals have tried to understand the causes of the social disaster that afflicts the world, and, the causes determined, to put forward remedies which they regard as necessary to cure our economic ills. Thus it is that the Progressives have taken up the challenge of the times.

The exact nature of our troubles, as diagnosed by the more advanced groups among the Progressives, is embodied in what amounts to a manifesto. "We will not tolerate," they have said, "a system under which our national resources are plundered and wasted, our wealth is concentrated in the hands of a few, and the will of the people is flouted by vested interests. We cannot submit to an outworn system that forces millions to depend on charity for subsistence, that burdens farmers with unfair taxes and high interest rates, and denies to workers a voice in the management of industry. We cannot support an economic order which is characterized by greed and insecurity. In the midst of surplus there is no justification for want, for thwarted lives, for frustrated hopes."

These are hot words. More soberly, what is the fundamental issue on which the Progressives are building? It is this: In an age of mass production, both in industry and in agriculture, there must be mass consumption; else the system falters. In other words, people must have enough purchasing power to buy back the goods which they produce—something which the Marxists insist is impossible under a profit system. If foreign markets had wholly disappeared, the Marxian position might be the correct one, but so long as foreign trade does continue, their thesis is not wholly tenable. Meanwhile, however, the curtailing of foreign trade has necessitated far greater attention than has been customary to the home market. This means building up a domestic purchasing power which will compensate for what has been lost abroad.

Now the Progressives have not been the first to see this necessity. It has been emphasized time and again by President Roosevelt and members of his administration. It has been preached by economists and publi-

cists. Each has had a different means of attaining the same end. The Progressive answer is a radical program to increase mass consumption which goes beyond anything yet offered by the New Deal.

It is said, for example, that the railroads through exorbitant rates and differentials have laid an unnecessary burden upon both producers and consumers and have aided in the building of monopolies. This is a twice-told tale, but it lies behind the Progressive demand for government ownership of the railways. Lower rail rates ought to leave more money in the hands of the masses. The same reasoning leads to a demand for public ownership and operation of electric power plants. And, finally, popular control of credit through a government-owned central bank is not unrelated to the problem of purchasing power.

Increased purchasing power unquestionably involves a redistribution of wealth. Here the power to tax is brought into play. Progressives have always maintained that taxation must be levied according to the ability to pay; they therefore have opposed and continue to oppose a sales tax, while advocating income and inheritance taxes, the abolition of tax-exempt securities and the taxation of dividends. A redistribution of wealth is also implicit in all schemes for furthering social security, unemployment and health insurance, old-age pensions and workmen's compensation. The Progressives, of course, have no monopoly on a program of social insurance, but it stems naturally from their social and economic philosophy.

Other Progressive planks have been shaped by the liberal traditions of the party as well as by the immediate conditions which face it. Labor's right to organize and bargain collectively is insisted upon, as is the need for a shorter working week. Nor are the farmers forgotten. Senator La Follette when announcing his candidacy said: "The farmer must receive cost of production plus a fair profit on his investment and his labor. * * * The spread between the prices received by farmers and those paid by the consumer must be reduced through cooperation and other market outlets. Credit must be available to the farmer at low rates of interest."

Throughout the Progressive pronouncements runs a note which is wholly alien to the upholders of rugged individualism, namely, the responsibility of government to care for the people. Few conservatives take kindly to Senator La Follette's contention that since private industry has been unable to provide employment and goods "in sufficient volume to keep labor employed and supply the needs of the people," then the government must step in with whatever measures are necessary to "utilize the skill and energy of the worker and to provide every person able and willing to work with a job at decent wages." And yet, even rugged individualists would hardly disagree that "idleness, whether among the rich or the poor, is a degenerating influence," or that "enforced unemployment is a criminal waste."

Enemies of the Progressives have called them Communist or Fascist, depending on the angle from which the attack has been launched. Yet obviously the new party cannot be both; might it be neither? Its adherence to private ownership of everything except the natural monopolies opens a wide gulf between the Progressives and the Marxians. Nor does a constantly reaffirmed belief in democratic government and civil liberties seem consonant with the principles of fascism. Those who regard the Progres-

sive party as definitely American in method or outlook are on far firmer ground than those who seek to label it with any particular dogma.

From Jefferson and Lincoln and La Follette senior the Progressives have drawn their inspiration to fight the tendencies which make America a land "where wealth accumulates and men decay." In their approach they are opportunist in the sense that they have no blueprints with which to establish a Utopia of the future. That again is essentially American, for have not men here ever tried to solve the problems of today, permitting the future to take care of itself, since none dares claim what the future will be? The Progressives are practical in their recognition of political realities. For the moment they are seeking to save capitalism from its own excesses, to harness the system in the interests of the mass of the people. If the future should discover that in saving capitalism the Progressives had destroyed it, that must be the concern of the future, not of the present.

During the weeks and months since the Progressive party came into being its general principles and ideas have been laid before the people of Wisconsin. Without funds, with little newspaper support, the fight has had to be carried directly to the voters. Night after night Progressives have appeared before political rallies. They have spoken at agricultural fairs, at farmers' picnics, before meetings of war veterans and trade unions. With vigor and persistence they have hammered home facts about the present crisis. Ofttimes there has been more talk of economics than of politics.

The La Follettes have always believed that a speech should be more than a political harangue; it should be a chapter in adult education. Thus, after a generation of Progressive rule, Wisconsin has been inculcated with a concern for social and economic questions; the people of the State are more politically minded than are those of most others. All this, of course, helps to explain why the Badger State has held an advanced position in regard to liberal legislation. It accounts besides for some of the willingness in Wisconsin to listen to speeches far into the night. Not only are speeches in order on every occasion, they are expected. Thus it is that the Progressives have found hundreds — sometimes thousands—ready to crowd a public hall or community park to listen to an analysis of society's plight.

But the Progressives have had many handicaps. Most of the Wisconsin press is outspoken in its hostility to their program, a hostility that is often expressed most eloquently by ignoring all Progressive activities. Moreover, the Chicago newspapers which have a general circulation in the State seldom miss an opportunity to excoriate the "bolshevism" of the Progressives. This sort of thing, however, is of long standing, harking back to the early days of Wisconsin liberalism. So, too, is the bitter hatred of progressivism and of the La Follettes by conservatives throughout the State.

In this year's campaign there have been peculiar difficulties. Not only was the party new and untried but its very creation was an indication that men in Wisconsin were not completely sold on the sacrosanct New Deal. Philip La Follette has repeatedly expressed his dissatisfaction with much that is being done in Washington; he has taken particular exception to measures which involve a curtailment of production in a period of obvious want. But criticism of this sort in the face of the general popularity of the President required considerable temer-

ity, however great might be the demand for a political realignment. Senator La Follette, who had been regarded as a liberal supporter of the administration, was placed in an embarrassing position, since he hoped for re-election and might need Democratic votes.

Progressive strategy called for an attack upon the Democratic party in Wisconsin as reactionary and for praise of President Roosevelt as a liberal. But when Mr. Roosevelt in the course of his address at Green Bay on Aug. 8 took occasion to say a good word both for Senator La Follette and for the Democratic Governor, the effectiveness of the Progressive manoeuvre was considerably lessened. The Senator, on the other hand, made his own position clear; he would act toward Mr. Roosevelt according to the well-known precept laid down by Lincoln: "Stand with anybody that stands right. Stand with him while he is right and part with him when he goes wrong."

Political necessity dictated that Philip La Follette become the Progressive candidate for Governor, even though his brother's candidacy for the Senatorship on the same ticket would provide political capital for their opponents. However absurd may be the charge that the brothers are seeking a livelihood at public expense, it is irritating attacks of this sort that have added to the new party's worries.

Despite all handicaps, the Progressives entered the primaries with a full slate of candidates. In the three-cornered contest between the Democrats, Republicans and Progressives only a small vote was cast, but the total obtained by the Progressives gave them confidence that they had not mistaken the sentiment in Wisconsin for a new party. Whether or not they would triumph at the November elections was another matter; meanwhile, the party had survived its first test and was girding up its loins for the second.

Today the Progressives constitute a local party; will they be national tomorrow? There can be no doubt that the men at the head of the movement look forward to national influence. From the beginning the party's appeal has been national rather than local; its program is concerned less with Wisconsin than with American affairs. Moreover, in statement after statement, the need for a new national political alignment has been cited. At the conference of left wing Progressives last June it was said: "We realize that we can achieve all our goals only through national legislation. But we also recognize that in the United States the basis of political action is to be found in the States. Therefore, we begin in Wisconsin."

If the United States is ready for a realignment of political parties, the Progressives offer leadership. Possibly they and other groups sympathetic with them will ultimately coalesce to form a national party. But whatever the fate of the Wisconsin Progressives, there can be little question that in the years ahead we shall witness an increasingly bitter political struggle between those who, in the words of Senator La Follette, "favor the widest possible enjoyment of our abundant wealth" and those who would "withhold the very necessaries of life by monopolistic control of production and distribution, in order to maintain unlicensed profits." In the fires of this struggle a new party might well be forged.

Southern Labor Awakes

By OLIVER CARLSON*

COTTON textiles have gone South to stay. The industry revolves around its Southern axis. Northern interests are at best only waging a fight to retain the mills they now have. But the South is on the offensive, seeking more mills, more looms, more spindles. It is anxious to harness its almost unlimited supply of poor white labor to the wheels of the textile industry. In the South is to be found the key not only to the industry as a whole but to the recent national textile strike as well.

Although the Southern States got away to a late start in textile manufacture, they have in the past fifty years made seven-league strides. In 1880 the 500,000 Southern spindles produced goods valued at $13,000,000, while those of New England produced twenty-five times that amount. Forty years later New England held the lead by only a narrow margin; the South had 15,709,000 active spindles and had already captured the manufacture of rough cotton products. Then the tide turned rapidly. Between 1923 and 1927 over 1,000,000 spindles and $100,000,000 of Yankee mill capital migrated to Dixie. In the latter year 62 per cent of the total number of mills were located in the South, producing 57.5 per cent of the value of the nation's cotton textiles. Massachusetts, the leading cotton textile State for more than a century, fell to second place during 1927 when North Carolina reached the top of the ladder in number of mills, number of workers and total value of product.

Many factories contributed to the migration southward of looms and spindles. Nearness to raw material, cheap and abundant power, modern management, low taxes and mild climate played their part, but all-important was the availability of cheap labor.

In the poor whites the South had an abundant labor supply. The standard of living of these unfortunates was so low that they were willing to work for almost nothing; Southern industrialists often claimed that it was outright charity to hire them. When word spread through a district that a new mill was to be erected, the poor whites with their half-starved troops of children would come pouring in, eager for jobs. They knew nothing of industrialism and were largely illiterate. Such was the human material upon which the Southern textile industry was built.

Lockwood, Green & Co., great New England cotton mill engineers and manufacturers, have admitted that "as compared to New England and the Northeastern part of the country, the South has the advantage of longer hours of labor, lower wage scales, lower taxes and legislation which gives a manufacturing plant a wider latitude than is usually possible in the North in the way of running overtime at night. * * * The South is fortunate in having a supply of native

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American labor which is still satisfied to work at low wages."

Main and Gumby of the American Society of Mechanical Engineers made an extensive study in 1926 of the relative costs of operating a Southern and a New England cotton mill. At that time, a typical Southern mill, running fifty-five hours per week, had a manufacturing cost of 16.8 per cent less than a Massachusetts mill running forty-eight hours. This meant a difference of $6.73 per spindle, of which $4.53 was due to a saving in labor. Every Southern State permits night work for women. Children of 14 years may work the same hours as adults. South Carolina allows a fifty-five-hour week; North Carolina and Georgia a sixty-hour week, while Alabama has no legal limit. The United States Bureau of Labor statistics showed in 1927 that the average weekly earnings in the Southern mills were $10.98, as against $17.15 in New England mills.

The NRA and the Cotton Code have not greatly changed matters. According to the *Monthly Labor Review* for June, 1934, the six industries which pay the lowest average wages in the United States are located in the South. Cotton textiles is one of them, and employs more wage earners than all the others combined. Virginia—one of the smallest cotton textile States in the South—paid the highest average hourly rate for the entire South during the past year, but nevertheless ranked well below Maine, which paid the lowest rate for the rest of the country. Alabama, which has enjoyed a rapid influx of mills during the past ten years, pays the lowest rate in the South; Georgia and South Carolina are next in rank.

In the South laws for the protection of labor are but few. Nor is enforcement a serious matter. A committee appointed by the South Carolina Legislature in 1929 to investigate the enforcement of labor laws reported: "The committee finds that there are 232 textile factories in South Carolina, and only two field inspectors, who are charged with the duties of inspecting and investigating them." It is not surprising that they added that the records were "replete with instances of violations of the criminal laws of South Carolina in regard to the regulations of working conditions in textile manufacturing corporations."

Every wide-awake chamber of commerce in Dixie has emphasized the docility of Southern white labor and its immunity to strife, struggle and unionization. John E. Edgerton, president of the Tennessee Manufacturers Association, of the Southern Industrial Council and of the National Manufacturers Association, has often stressed the unique qualities of the Southern laborer. Not long ago he declared: "This population is preponderantly native. It is a native soil in which exotic radicalism does not thrive, for the workers of the South have as a heritage a sturdy Americanism that restrains them from running after strange economic gods and makes them a dependable factor in industry."

Dr. Broadus Mitchell of Johns Hopkins, however, views this labor supply somewhat differently. "The poor whites," he says, "are being served up to the employers of the country who may be tempted to locate plants in the South. The workers are being offered on the auction block pretty much as their black predecessors were, and their qualities are enlarged upon with the same salesman's gusto. Native whites! Anglo-Saxons of the true blood! Tractable, harmonious, satisfied with little! They know noth-

ing of foreign-born radicalism! Come and gobble them up!"

Northern mill hands are a conglomerate lot, overwhelmingly foreign-born or of first generation foreign descent. Not so the Southerners. From Virginia to Mississippi they look alike and act alike. They are the poor whites whose Scotch-Irish ancestors came to America 200 or more years ago. Tall, lean, not very articulate, they seem to have the patience of Job. All are extremely poor; most of them look undernourished. They are intensely religious and believe in the literal interpretation of the Scriptures. They look down with as much contempt upon their black brethren as the blacks do upon them. But no matter whether these mill hands belong to a third generation of workers or are recent recruits from the soil, they are all much the same type.

The mill hands may be meek and docile, but not the mill owners and the managers. Almost without exception they are the sons and grandsons of the old Southern aristocracy who seventy-five years ago ruled over plantations and slaves. They have been born and bred to a recognition of class and caste.

The Southern employers, unlike their Northern competitors, have been able to run their mills with a minimum of interference from local and State regulations, and with little or no labor organization among their operatives. John E. Edgerton is only one of many Southern manufacturers who have declared that the South would secede from the Union if it were not permitted to operate its textile mills and industries as it saw fit. These men are determined to keep out labor unions at all costs, and to increase rather than decrease the wage differential between Northern and Southern mills.

Unquestionably the paternalistic ventures of the Southern employer have done more than any other single thing to make the worker uncomplaining and dependent. When strikes have occurred or demands and ultimatums have been sent to employers, the latter have usually regarded such manifestations as the result of some alien force which had led the mill hands astray. The following notice, issued under the signature of one of the largest mills in the South, indicates the typical outlook:

> TO ALL OUR PEOPLE.
>
> We are informed that paid organizers have appeared in our midst, and that, as usual, they are appealing to such prejudices as they can arouse. * * * Our system of employe representation contains every element of collective bargaining that has any real merit. We do not desire the employes of the company to be misled by these outsiders for the simple reason that they cause discord, and their whole method of operation depends upon agitation and strife. * * * What can such a movement do for you that you do not already have except to take your money in dues to pay a lot of foreign agitators?

The Southern mill village is a thing unto itself. Its inhabitants live in company houses, buy their food at company stores, attend a company church and listen to a company preacher. Their children attend a company school. A company theatre is there to amuse them. Company doctors, dentists and undertakers serve them from birth to death. They are stall-fed, for, receiving a considerable portion of their compensation in kind, they do not know what it means to live on cash wages. Not only are wages usually so low that every member of the family must work in the mill, but many companies refuse to rent their houses except to families which can furnish several workers.

Thus the mill villagers are a people apart. They know little of the life in the near-by urban centres, and to

their city neighbors they seem "queer." Only in times of strife and struggle do the "good" citizens know of them, and even then none too well. The mill people in turn have developed a distinct inferiority complex, except when with their own people. They are cut off and are outside the main stream of life.

The industrialists of the South have not been far wrong in the past, as figures issued by the United States Department of Labor prove, in contending that their wage-earners were virtually immune to labor unions and industrial strife. Alabama, Georgia, Mississippi, North Carolina, South Carolina and Tennessee are all important textile States. They contain approximately one-eighth of all the wage-earners in the country and about one-twelfth of all wage-earners employed in manufacturing. Yet between the years 1916 and 1932 this region at no time accounted in any one year for more than 9.2 per cent of all the strikes in the United States, and until 1929 the percentage never exceeded 4.6 per cent. In the depression years it has been somewhat higher.

The momentum of the strike wave which swept this country during the World War reached the South a full year late. Even then it had spent most of its force. During 1918 and 1919 there was a considerable organization drive in textiles by the United Textile Workers Union, but this was confined almost entirely to North Carolina, where the U. T. W. claimed to have enrolled about 40,000 members, and to South Carolina, where they claimed an additional 5,000. Probably not many of these mill operatives remained in the union more than a few months. In 1921 the U. T. W. collapsed almost completely in the South. Thomas McMahon, who was then an international vice president of the union, and in charge of the strikes and organization work in the South, led the campaign to a disastrous conclusion. From then until 1929 no serious work was done in the South.

Almost at the moment when strikes reached a new low in the United States, an upsurge began in the South which has continued ever since. Towns and villages heretofore unknown took their place in the annals of American labor struggles. A strike at Elizabethton, Tenn., was followed in quick succession by others at Greenville, S. C., and Gastonia, N. C. Then came Marion, N. C., and Danville, Va.

At Gastonia the Communist-led National Textile Workers Union entered the Southern labor scene. Although only 1,800 workers were involved, the hysteria, mob violence and killings which occurred during the strike focused the eyes of the nation upon it. The South developed a bad case of Communist jitters, from which it has never thoroughly recovered.

The mill owners determined to teach their employes a lesson. Edward F. McGrady, now labor expert for the NRA, but then A. F. of L. organizer, had been sent to North Carolina to discuss the terms of settlement with the mill owners and the Governor's representative. He declared after hearing their proposal: "If North Carolina is willing to announce to the nation that it stands behind its officials in these foul practices, go ahead! You are not going to lower a wage already below the pauper line with our consent!"

Although the unions were defeated in every one of the 1929-30 strikes, the effect upon the American Federation of Labor as a whole must not be

discounted. From local unions and from central labor bodies the cry went up: "Organize the South!" So far as American unionists were concerned, the long-held belief that "Southern workers will not and can not be organized" had been completely destroyed. Liberals felt that the leadership of the A. F. of L. had been following a policy of drift, an attitude which led a great newspaper chain to say just before the opening of the Toronto convention of the A. F. of L. in the Fall of 1929: "While the hungry Southern mill hands are facing alone the organized employers and hostile authorities, beaten by mobs and shot down by Sheriffs, the sleek A. F. of L. officials sit twiddling their thumbs at mahogany desks in Washington or are making patrioteering speeches to the National Security League or at West Point."

The A. F. of L. convention decided upon a great Southern campaign. President Green took charge and made a personal tour of the South. But as Lewis L. Lorwin has said in his book, *The American Federation of Labor*, Mr. Green "was received nearly everywhere by Mayors of cities who extended official welcomes. His meetings were attended not only by wage-earners but by the substantial business and professional classes, and occasionally by manufacturers as well. He addressed the joint sessions of three State Legislatures, meetings of Rotary and Kiwanis Clubs, students of universities and high schools; conferred with Governors of five States, and reported to the executive council 'a very fine spirit of deep and sympathetic interest manifested by many influential, outstanding people in the South.'" That hardly reflected a militant drive for unionization.

Lack of funds was another handicap, for the unions contributed only $14,000 for the work in the South. Vice President Gorman of the U. T. W. told the convention of his union in September, 1930: "The union work has been retarded because we have only three organizers in a territory comprising 1,440 mills and 300,000 workers." In the end the Southern campaign was a failure. The A. F. of L. was unable to sell its program for union-management cooperation to the textile manufacturers, who, without exception, were as opposed to any kind of trade union as their mill hands were in favor of it. It remained for the NRA and its Section 7a to open the gates to organized labor.

A year ago there was but a skeleton of a union among the Southern textile workers. Within twelve months the United Textile Workers increased its membership tenfold—from 27,000 to over 300,000—and mostly in the Southern textile States. On July 17 of this year a State-wide general strike of the Alabama cotton mill workers began, affecting between 24,000 and 25,000 mill hands in the northern part of that State. This strike was still in progress when the U. T. W. convened last August in New York City.

This convention, the largest ever held by the union, was dominated from start to finish by the newly organized workers below the Mason-Dixon line. With the fervor of new converts and with tales of the misery and oppression among their fellow-workers in the Southern mills, they swept away all opposition to a national general strike. They let it be known that the union must act, and act quickly, if it wished to hold the masses of textile workers who by the thousands were flocking to the union standard every week.

It is generally conceded that of the many causes for unionization and the

strike, none was so potent and none so much irked the workers as the "stretch-out," which has been practiced particularly in the South. Declining profits, shrinking markets and an increasingly keen competition both at home and abroad caused manufacturers as early as 1923 to speed up production. Efficiency engineers went into the mills and talked about Northern union production levels. Fatigue reactions were measured with a stopwatch. When the worker groaned, he was told "to stretch a little." Sometimes he did and multiplied his efficiency. Although production increased, wages usually remained unchanged. In a number of cases they were reduced simultaneously with the introduction of the stretch-out. The strike wave of 1929-30 was brought on directly by the stretch-out.

The reply of Southern mill owners to the shorter working week and higher minimum wages inaugurated by the NRA and the Cotton Textile code took the form of the stretch-out. Its evils were exposed time and again in almost every speech by Southern delegates at the U. T. W. convention in August.

Many Northern operators privately considered that the textile strike was justified in the South. According to them, the Southern mills have dragged down the whole industry. If Southern mills had been on a par with those in the North, there would have been no strike at least such is the general opinion in New York textile circles. During the strike the adamant policy of the Southerners was uncommon in the North. Northern employers in many instances were willing to concede unionization, even if it meant the closed shop, because their mills were already well organized. Furthermore, labor gains in the South would help to equalize the differences now existing between Northern and Southern mills.

In any case fundamental changes are at hand. Mill owners cannot speed up their workers beyond a certain point. After that, if increased production is desired, the answer must be found in new machines and technique. Warp-tying machines, circulating spindle-weavers and improved automatic looms and spindles are already on the market. As new technology is adopted—and the process is being hastened by the shorter working-week, higher wage minimums and smaller differentials between Northern and Southern mills—cheap labor will cease to be the all-important factor in locating a mill. With fewer workers needed, it will be easier to find the necessary hands in the larger centres of population than in the rural areas. This trend has already set in, as is shown by the establishment of textile mills in or near cities like Mobile, Birmingham, New Orleans, or Jackson, Miss.

Finally, recent history bears witness to a growing unwillingness of the Southern worker to stay out of labor organizations. When this old-time immunity to unionism disappears, there will be added reason for the employer to abandon the mill village and paternalistic policies. Such a shift on his part will indicate that he has turned into the path trod decades ago by his British, German and New England competitors.

Why the National Guard?

By VICTOR WEYBRIGHT*

THE National Guard, says Raymond Moley, is "at its best a dangerous, clumsy and incompetent instrument" for strike work, and its personnel lacks the qualities, skill and restraint which are cited as necessary for dealing with men on strike. Such criticism, coming from a close friend and adviser of the President, demands attention.

Let us begin by asking, What is the National Guard? Admittedly it is a paradox. It serves two masters —the State and the nation. It recognizes two Commanders-in-Chief—the Governor and the President. It is trained and equipped by the Federal Government; yet within the past year in Louisiana and North Dakota it has served the Governors. Legally, it is a component of the United States Army. Actually it consists of civilian, part-time, State soldiers. It represents one of the last relics of State sovereignty.

A rumble of discontent at the Guard's subservience to the Governor has lately been heard in Louisiana, where parents petitioned the President to "exempt schoolboys from active armed service in a purely political issue." The father of one youthful guardsman went so far as to telegraph Senator Huey Long that "I will personally kill you as I would any other mad dog" should his son suffer harm because of the political difficulties in New Orleans. Similar sentiments were no doubt in the air at the time of the political struggle in North Dakota or the factional battles in Oklahoma.

On the other hand, when detachments of the Guard were called out during the strikes in San Francisco, Kohler and Minneapolis, and during the textile strike in the East, the average citizen admitted the need for such action. He had come to feel that, unlike the ill-trained posses of militia used in the great industrial conflicts of the Eighteen Seventies and Eighteen Nineties, the modern National Guard can be trusted. Indeed, except in isolated instances, the Guard has been fairer to the strikers than have many Sheriffs and their deputies, who are often "company" men. This comparative objectivity is no accident, but the result of careful Federal and State training. The National Guard is well disciplined and approaches the regular army in general, if not specific, efficiency.

Many intelligent people who have had little contact with the National Guard, who have never been inside an armory nor observed field training, are prejudiced against the organization as was Mark Hanna years ago against the "meddlesome militia." Few observers have noted how far the federalization of the Guard has advanced. Since it is likely that the Guard will continue to play an important part in our national life, we should know more about the organization it is.

The National Guard consists of 185,000 men, and greatly outnumbers the regular army. A State unit—in

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some States a whole division—may be called out by the Governor; the entire Guard may be requisitioned by the President and ordered into any State in the Union. Also, under the National Defense Act, Congress, by declaring an extraordinary emergency requiring troops in excess of those of the regular army, may order the National Guard into Federal service outside the United States.

Thus the force that could be mobilized overnight in this country is about 300,000, and, with various reserves, probably 500,000 could be assembled without greatly disturbing the civilian population. In case of war, certain National Guard divisions would be among the first on the battlefield.

As members of the organized militia, Guard units, particularly in the East, like to trace their history back to the colorful "independent companies" of the late eighteenth century. But although wealthy regiments sometimes affect showy dress uniforms and formal officers' messes, they depend almost wholly upon the Federal Government for their workaday equipment and for their tactical instruction. In performance, moreover, they imitate not the picturesque heroes of the past but the businesslike, up-to-date regular army. Almost 500 regular army officers are assigned to the Guard as instructors, besides more than 300 sergeant-instructors. Guardsmen ride mounts with U. S. brands on their necks. They travel in lumbering old trucks bearing Federal insignia. Guardsmen, like regular army men, somewhat envious of the brand new CCC equipment seen along the highways, know that it is the Federal Government, and the Federal Government only, that can be really generous.

Still, they are State soldiers. In great fires, floods and disasters they bring their rolling kitchens, tents a genius for organization. They ha been frequently employed in quelli prison riots. They patrol highwa after jailbreaks, although they ha seldom been successful in pursui fugitives. They are the last resort a Governor faced with civil str which the ordinary police forces his domain cannot control.

In the past year and a half, acco ing to the National Guard Bureau Washington, more units of the Gua have seen service than in any equi lent period since the war. Usually has been necessary to call out not entire Guard but merely several i posing detachments. The textile stri however, precipitated vast troop mo ments; indeed, in Georgia in Septe ber the commander of the Guard w authorized by the Governor to enfo martial law and suspend the ci courts, although in Connecticut mol ization was sufficient. Where there a well-trained State police force, t Guard is seldom used, except occasi ally in such vast regions as the c and iron districts of Pennsylvan In New York last year there was c siderable agitation for the presence guardsmen during the up-State m strike until it was realized that, sii the strike was a local matter, the pense of maintaining the troops wo be charged to the counties applyi for help. Few counties can afford su protection. Few States have such a la

During the auto accessory strike Toledo last year the Ohio Guard w widely criticized for its hasty displ of force, and even Secretary of W Dern has expressed the fear that t use of Guard units in civil disord might prejudice the people against t military. Yet display of force is evitable. Soldiers, once on the sce cannot bluff, nor can they trifle w blank cartridges. They must me

business. National Guardsmen are soldiers. It is, of course, absurd for a Governor to call out the Guard merely to defend property or guarantee civil rights which normally should be done by local officers, and often the Guard is criticized for the errors of a nervous Executive. Even the regular army was denounced for turning out with tanks and machine guns to rout the pathetic bonus marchers who frightened Mr. Hoover so badly.

Guardsmen have been effective super-policemen not because they have been trained to quell civil strife but because, under the tutelage of the regular army, they have learned the routine of pure military tactics. A dominant terrain feature is a dominant terrain feature, whether it be a hill in wartime or a street intersection in a seething mill town. A flying wedge, like that of the football field, is an old army stunt; it can be used with disconcerting and relatively gentle effect on a mob.

In some Guard units there are specially trained and equipped riot squads. As part of their training, simulated mobs insult them most realistically with epithets and missiles, and the riot squad disperses such a mob of their comrades without injury. The technique varies. Tear gas, when applied behind a mob so that a retreat will not develop into a trampling stampede, is considered the most humane method. Riot sticks are not altogether beneath the dignity of soldiers. Often the very presence of uniformed men dampens the ardor of a destructive mob. Two squads of soldiers, three feet apart, can block the average fifty-foot street. A patrol car or two can keep traffic moving. Guard officers are instructed in no circumstances to fire over the heads of a mob, jeopardizing distant and innocent bystanders. After due warning, and only when it is considered absolutely necessary, do soldiers fire on civilians. But when they do, they are ordered to aim low at those in front—the ringleaders.

Ordinarily, the Guard delivers all prisoners directly into the custody of the civil authorities, except when, as in the textile areas in Georgia, martial law is declared and all law is dependent upon the will of the commanding officer. Even in such an extreme situation, the Guard is not permitted to overrule a proclamation of the Governor and never may it obey an order given by a local civil officer. It has not been unknown for a Governor to prefer regular army soldiers to his own State Guard, for the regulars may not take orders from any State official, even a Governor, and thus a Governor can avoid embarrassing responsibility. With the National Guard such an evasion is impossible.

Why, it might be asked, do schoolteachers, clerks, mechanics, bankers, laborers, advertising men and other peaceful laymen enlist in the National Guard? Why do they want to report at an armory for drill and instruction forty-eight times a year? Why spend fifteen days each Summer living in a tent, trudging on dusty roads, rising at dawn, standing stiff at attention in August sultriness on evening parade? Why become a soldier in a Governor's army when there is the possibility that the Governor may be hot-headed instead of cool-headed? Why tempt the possible enmity of fellow-citizens? If one is a military enthusiast, why not enlist in the regular army and be done with it? Why assume the rôle of half soldier, half civilian?

The answers are various. Like volunteer firemen and Federal grand jurors, guardsmen have a sense of public duty. Sportsmen are fond of

the target practice; athletes enjoy the exercise; poor men can make use of the pay for drill, the free although laborious vacation at government expense. Some men like the uniformed life. But, most important of all, in many communities it is the vogue to join the good old regiment. If men become fed up—and the turnover sometimes reaches 30 per cent—they can get out when their three years are up. Only a handful are ambitious in the military sense. Many aspire to the excellent social and business connections which are as easily made in the Guard as in a club.

Naturally, there are poor and rich, shabby and swanky, good and bad regiments. Artillery and cavalry outfits are universally smart and attract college men and polo players. There are, too, some ultra-fashionable infantry regiments, such as the old Seventh of New York, which equals in social exclusiveness some of the élite Guards regiments of England. Young millionaires join up as privates, drag telephone wires through mountain foliage at Camp Smith and only after slow promotion enjoy while on manoeuvres the freedom of the colonel's marquee. There is an apocryphal story of a regular army instructor who, during the Summer training, complained to a member of the Seventh's staff that a private had not saluted him. The staff officer puffed on his fragrant cigar. "Perhaps," he replied with more truth than whimsy, "you haven't been introduced to him."

The main problem of the Guard is not one of personnel. Few, except the very exclusive regiments, fall far under strength. Guardsmen enjoy certain civil safeguards; they may not be discharged from their civil jobs for absence on duty; they may not suffer civil reprisal for obeying any legal command of a superior officer. Since the officers nowadays a trained by regular army men and fu time division officers, and since eve good outfit attracts at least a sprin ling of lawyers, there is little chan of an "illegal" order. There is, i deed, room for every sort of man the Guard, for there are all t branches of a standing army—infa try, aviation, tank, artillery, sign medical, quartermaster, &c., not mention the Corps of Chaplains. some States there are colored unit and in New York there is a Neg regiment, commanded by a white col nel but with Negro majors.

The main problem of the Nation Guard is one of training. Training hard work. If it becomes too har enlistments will fall off. It must made, therefore, extremely interes ing. The thrilling sham battles whi used to consume bandoleers of noi blank cartridges are seldom used t day. They were picturesque; they a pealed to civilian spectators; but th taught the soldier little. Instead, t modern instructors have concentrat on the genuinely useful staff exercise on problems like those studied Leavenworth and the special regul army schools. The battalion com manders, in theoretical contact with foe, fight tactical actions witho firing a gun; indeed, without any me except a skeleton force. The actu troops can be engaged in combat i struction elsewhere or given targ practice.

A generation ago the chief diff culty at the training camp may ha been to keep the beer kegs cool. Th whole experience was a picnic, an ou ing. Nowadays camp is the climax a year's instruction in the armories; is the great opportunity to put theo into practice. It gives every officer a opportunity to come under the eye those responsible for his advanc

ment; critiques at the end of a day's manoeuvres expose the weakness and strength not only of the headquarters staff but of every man who issued a command. This seems, at first glance, a little thing, a slight pedagogical advance. But it is really important. It means, in fact, that the Guard is adhering to regular army standards.

The National Guards of the forty-eight States, therefore, are slowly being welded into a national army; in fact, under the National Defense Act, as amended last year, they are now designated "The National Guard of the United States." The professional, physical and moral standards for a commission in the National Guard are fixed by the War Department and correspond to those for the regular army. This policy, of course, pleases and flatters the younger men and frightens some of the purely ornamental elders. It places heavy demands on the civilian-soldier. Yet, paradoxically, it may point the way toward the gradual abandonment of the Guard as a police force, except in extreme emergencies.

The stronger and more military the Guard the less desirable it is as a police force. No really shrewd Governor wishes to use bristling machine guns for the simple errand of keeping traffic moving in a fractious community. Nor does any unruly section of the populace desire to bait expert soldiers, schooled in weapons and chemical warfare. The more military the Guard becomes the greater the probability that the mere threat of calling it out will calm a mob.

If, as a result of the employment of Guard detachments during recent strikes, the cry of "military tyranny" is raised, many National Guardsmen will secretly welcome it. It will mean the beginning of the end of hysterical calls from communities which find it easier to appeal to their Governors than to see to it that their local police forces maintain order. It will signify that the era of federalization is destined to continue, that the State function of the National Guard becomes of secondary importance. It will make imperative the development of better State police forces in both the rural and the industrial States. The Guard in the future may be called out only when it is honestly found to be the last resort.

In the meantime, under the present system of training, administration and supply the Guard will maintain the strength that it has had for many years. It will improve as an adjunct of the regular army. The distribution over the forty-eight States of this force of 185,000 men, moreover, should eventually affect the problem of the present uneconomic and inefficient location of regular army posts. With the Guard in its present state of efficiency and strategically located over the entire country, the necessity no longer remains for numerous small regular army posts, which could well be closed without jeopardizing anything except the careers of the politicians who have kept them there all these years.

There is the real possibility, of course, that a superlatively efficient National Guard might militarize the population. On the other hand, it may be said that the closer these part-time soldiers come to the professional soldiers of the regular army, the more the entire army will be humanized by broader social contacts. And much may be accomplished in that direction, as any regular army officer will confess.

Under the Lid in Mexico

By MAURICE HALPERIN*

MEXICO is a land of great scenic beauty, of ancient civilizations and quaint customs. Its complex heterogeneity puzzles the American or European visitor; he finds it a bizarre country, a bit violent and not a little absurd, strangely incongruous, often grotesque but almost never banal. Yet beneath the local color, scarcely concealed, lurks intense poverty, hunger, disease, social and moral degradation—the tragedy of a conquered race enslaved and exploited for 400 years.

From time to time oppressed humanity grows restive, breaks its bonds and in its blind fury begins to rob, murder and destroy. The last time this happened in Mexico some 250,000 lives were lost, cities and towns were ruined, villages wiped out and the whole country laid waste. The shooting ended officially in 1924 when "Iron Man" Calles took over the government and gave Mexico its New Deal. With the return of peace came the hopes and desires of the masses that fourteen years of bloody strife had not been in vain. For a while it seemed as if through sheer good-will and enthusiasm an entirely new social and economic order would arise overnight. But in its place Mexico got nothing more than "law and order," a bit of reform—and renewed exploitation and dictatorial rule.

When on July 1, 1934, General Lázaro Cárdenas, candidate of the P. N. R. (Partido Nacional Revolucionario)—affectionately known as the "official party"—became President-elect of the republic, no one was surprised. In fact, every one knew six months earlier, at the time of the P. N. R. convention, who the next President would be; nevertheless, the government insisted on the elaborate pretense of a free election. Opposition parties were permitted to come into the open; anti-government papers denounced "Callismo"; candidates toured the country, and the leading Mexico City papers kept reminding the citizens that this time everything was aboveboard. Then, the morning after the election, General Cárdenas was declared the winner with over 1,000,000 votes, while the combined total of his three opponents was announced as less than one-thirtieth of that figure, though it was curious how with the present facilities for communication so many votes could have been counted and recorded so quickly.

For ten years the "supreme chief" and his "official party" have made promises to the hungry and the wretched: agrarianism, syndicalism, collective bargaining, education, housing, sanitation and so forth. In the meantime Calles became the dominant figure in Mexico; many generals acquired large estates and business improved. Mexico City increased in size and beauty, and a general air of what is known as "stability" pervaded the land. Thus did the "revolution"

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prosper while hungry mouths were offered succulent oratory.

The rhetoric of Mexico's New Deal is perhaps unique in the capitalistic world because it speaks the language of proletarian revolution. An innocent visitor reading political posters, glancing through summaries of the recently inaugurated Six-Year Plan and listening to P. N. R. candidates would believe that he had accidentally wandered into some sort of queer neo-Soviet State. He would see and hear the "official party" of this State instill into the masses something that very closely resembles class consciousness. He would marvel at this bourgeois government proposing as part of a Six-Year Plan that education, which had only recently turned secular, become socialistic. He would hear the mouthpiece of that government, General Cárdenas, in his last important campaign address, tell the workers of Monterey, Mexico's largest industrial centre, that they are being exploited by their masters and that they must organize in order to secure their rights.

But even the visitor soon realizes that the Six-Year Plan and the speeches and the posters are a mass of contradictions and generalities; that actual problems are not discussed and that no concrete methods of achieving real reforms are suggested, other than that the proletariat have faith in the "official party." Nevertheless, the P. N. R. dictatorship, unlike any other bourgeois government on earth, does preach class consciousness to the masses.

That has been the keynote of Mexico's recent history. Public buildings are adorned with the sickle and hammer, with murals by Rivera, Orozco and Siqueiros exalting the oppressed Indian, savagely caricaturing foreign imperialists, native white exploiters and inciting the masses to insurrection. Yet at the same time Communist strike leaders are sent to the Islas Marias, Mexico's island penitentiary in the Pacific. General X. keeps a detachment of Federal troops on his sugar plantation "to avoid labor troubles." Foreign oil companies divide profits on oil, and virtual peonage is the rule rather than the exception throughout the land.

"To the Revolution—Yesterday, Today and Forever," is the legend inscribed on Mexico's most pretentious public monument now being erected in the heart of the capital. But "revolution" here means neither Nazi retrogression nor the traditions of 1776 and 1789; it officially stands for Red revolt, for social and economic radicalism, for class solidarity. Mexican demagogy is perhaps the most extravagant in the world. Yet it is not the product of an eccentric national temperament. It has a deeper significance.

The revolution of 1910 grew out of the worst abuses of an economic and social order in which foreign imperialists, a white landed aristocracy and their ecclesiastical allies joined forces under an astute and ruthless tyrant, Porfirio Díaz, to bleed Mexico white. When the day of reckoning came 4,000,000 Indians and 8,000,000 mestizos or, at that time, over 90 per cent of the population, took up the cry for land, liberty or a share in the spoils. Armies arose, fought pitched battles, advanced and retreated, leaving trails of desolation and want wherever they passed; scores of self-made generals—bandits, idealists, adventurers and opportunists—cheated, betrayed and murdered one another.

Out of this infernal chaos arose a group of mestizos and at their head Plutarco Calles, dark-skinned, hard-faced man of action, an able leader,

excellent politician, shrewd opportunist and a liberal. The triumph of Calles represented the victory of the despised mestizo, of the lower-middle-class Mexican over the white exploiter who, whether he was native or alien by birth, was foreign in point of view.

Without the support of the enslaved Indians and the lower ranks of the mestizos, Calles could never have achieved success nor consolidated his position. To the Indians, of whom there are some 200 distinct racial groups, almost half of them speaking no Spanish, Mexican nationalism had no meaning. With a background of communal habits centuries old, their loyalties have always been restricted to local areas. What they wanted was land and this Calles promised them.

Agrarian reform became the chief plank in the Calles program. Hopes ran high in the middle Twenties. Distribution of the land began, labor unions were organized and legally recognized, schools were built and with a single blow the church was struck down. The atmosphere was alive with bristling slogans: anti-imperialism, expropriation, socialism, communism. Though in general revolutionary ideas remained muddled, both within the government and without, revolutionary ardor burned brightly and a quixotic radicalism flourished in official quarters. But today, after a decade of "Callismo," great numbers of Mexicans are wondering what happened to the revolution.

Industry has undoubtedly prospered until it now employs almost 15 per cent of the working population, but it owes its success principally to an abundant supply of cheap labor. The widely heralded nationalization of natural resources has never got under way. The dismal failure of the revolutionary agrarian program, cornerstone of the Indian rebirth, is the greatest of all the betrayals of the Mexican New Deal. About 12,000,000 or three-fourths of Mexico's people are peasants. After ten years of land distribution some 26 per cent of the peasant population has received a little less than 2½ per cent of the area of the republic. In other words about 9,000,000 Mexicans still work on large estates and plantations and are virtually peons; about 3,000,000 peasants have been given an infinitesimal part of the land on which to work out their own salvation.

Long-oppressed, poverty-stricken and backward, these Indians and mestizos are scattered over the country on tiny strips of land without farming implements, without irrigation facilities, without seed, without any advice or help whatsoever from the federal government, even without protection against the large landowners who have been constantly harassing them. Their lot has been improved over that of the peon in only one respect: they may starve without working, while the peon must both work and starve.

After ten years of the new régime Mexico remains a semi-colonial country, chiefly an American economic dependency. The benefits of a growing national industry have gone to a handful of capitalists, not to the masses, while the old system of large landholdings and its eternal adjunct, peonage, still persists. A small group of mestizos, chiefly officials of the P. N. R. and their henchmen, reap rich rewards at the nation's expense. Apparently the only positive result of the decade is the crushing of the church.

Nevertheless, the revolution was not entirely in vain. This does not refer to the much overrated educational and cultural accomplishments, nor to such extraordinary manifestations of radicalism as recently oc-

curred in the State of Tabasco, when the Governor, seconded by the local Legislature, decreed the "socialization" of all cemeteries in the State and ordered all tombstones, crosses and monuments to be replaced by small numbered blocks of stone, bearing no name or inscription. In the last analysis, what the revolution actually gave to the Mexican masses was a heightened awareness of their real condition and a deep yearning to throw off the yoke.

Though the revolution was frustrated, it was not because of any sluggishness on the part of the masses. The radical program of the middle Twenties came up from the bottom and imposed itself on the leaders. Lack of experience, of a clear understanding of its objectives, delivered the movement into the hands of the opportunists. Even when the latter were firmly established, they could not brazenly revert to the old order; they had to establish machinery which ostensibly was to bring the masses what they wanted. Thus agrarian laws were passed, minimum wages established and the rapid development of organized labor permitted. Here also lies the explanation for the radical oratory of the Calles era. If there is any meaning to the latest pseudo-Bolshevist rhetoric of the P. N. R., it is that the masses still know what they want and that the party is fully aware of that fact.

Large groups of Mexicans have now come to the conclusion that from the very beginning there was a catch in the P. N. R.'s promises. They have seen, for example, the minimum-wage law, which calls for one and a half pesos (42 cents) for an eight-hour day—an utterly inadequate sum for the minimum essentials of healthy living—widely disregarded or circumvented. In the State of Chiapas, to cite a single case, it is common knowledge that workers earn one-third the minimum wage for a day anywhere from fourteen to sixteen hours long. Organized labor throughout the republic is in a state of ferment. With the depression and inflation living and working conditions have steadily grown worse, convincing the wage-earners that new methods are necessary.

Significant of the change that is taking place in the Mexican labor movement is the fact that the once all-powerful and conservative labor federation known as the C. R. O. M. (Confederación Regional de Obreros Mexicanos) has practically disappeared. Its place is being taken by the Confederación General de Obreros y Campesinos (General Confederation of Workers and Peasants), definitely more "leftist" and more militant than its predecessor. The new organization is only a few months old and its founder, Vicente Lombardo Toledano, is, politically speaking, still an unknown quantity, though he shows every indication of having a thorough understanding of labor leadership. At present he is working outside any political party. Whether he will turn out to be just another opportunist is an open question. Not long ago he gave an impressive show of the influence he already exerts by calling out 40,000 workers in the capital for a one-hour general protest strike. These are a few, but certain, indications that beneath the apparent tranquillity that marked the election of General Cárdenas widespread misery and seething discontent may once more "blow the lid off."

Within the P. N. R. there is also trouble. Only the personality and will of the "supreme chief," Calles, seems to prevent a split as a result of the increasing untenability of the P. N. R.

position in the face of social and economic realities. The two opposing factions are those of President-elect Cárdenas leading the dominant left wing and President Rodríguez, the moving spirit of the right. The left wing believes in dispelling the crisis with bigger and better New Deals and for holding the masses as long as possible with an ever-deepening crimson oratory. The right wing seems to think that such tactics will soon lead to a cataclysm; it prefers to drop the pseudo-Bolshevist talk, concentrate on strictly "national" ideas and show a strong hand to the more militant proletariat and peasantry.

A newly organized Fascist group, the Camisas Doradas, the gold-shirted Acción Revolucionaria Mexicanista, has been endorsed by several retired generals, and is rumored to be secretly supported by President Rodríguez and Aarón Sáenz, Governor of the Federal District. At least, the attitude of the government toward these Gold Shirts has been one of benevolent neutrality. Their chief planks are anti-Semitism, anti-bolshevism and "Mexico for the Mexicans." The organization is plainly Nazi-inspired, but is said to receive considerable support from the French clothing and dry-goods merchants, who are numerous in the principal cities and who are beginning to feel the competition of the small Jewish clothing stores. The Gold Shirts also attack the Chinese, large numbers of whom live in Mexico. Never able to compete with the Indians as common laborers, the Chinese have become mostly small merchants, who excite the envy of white shopkeepers.

The activities of the Gold Shirts so far have centred in Mexico City. The last time they attempted to break up a radical meeting they met with such determined resistance that the police had to go to their rescue, injuring and arresting several anti-Fascists. The official press reflects the attitude of the authorities, heaping abuse on all radicals, real or alleged, and handling the Gold Shirts with kid gloves. If the Gold Shirts continue to operate much longer, difficulties are likely, which will force the government to declare its position in regard to Mexican fascism. It is almost certain that the recent resignation of Secretary of the Interior Bassols, presiding officer of the Cabinet, who was considered one of the most liberal men in the government, was the result of disagreement over the official policy in regard to the Fascist movement.

How much longer can Calles prevent an open split in his party? Will the right wing, supported by the army and the Fascists, attempt to stage a coup before President-elect Cárdenas takes office in December? Or will it in the meantime be able to weed out "leftist" elements? These questions are puzzling political observers who know what goes on behind the scenes. But whatever the answer may be, it is clear that dissent, intrigue and confusion are growing within the party.

Outside the party there is a widespread longing to dump the whole Partido Nacional Revolucionario, Calles and all, into the Gulf of Mexico. Talk to Mexicans of the most diverse occupations in all parts of the republic and practically all are at one in denouncing "Callismo." Business men complain that the government interferes too much with their affairs; Catholics are enraged by the latest persecutions of the church in Sonora and Tabasco; government employes (including professors in the National University) resent having part of their salaries taken from them as "contributions" to the P. N. R.; school teachers find it difficult to

make ends meet; middle-class youths want a change as soon as possible so that they can get soft government jobs; and railroad workers, factory hands, unemployed repatriates, plantation peons curse the "bosses," the "official party," and whisper of communism. All their troubles are blamed on Calles and the P. N. R.

The last political campaign served one purpose which the P. N. R. had not counted on. Though the Communist party has been outlawed since 1929, the government, in its efforts to put up every appearance of a free election, permitted the Bloque Obrero y Campesino (the Worker-Peasant bloc), which is simply the same group scarcely disguised under a new name, to present a ticket. Headed by Hernán Laborde, railroad worker and militant strike leader, the bloc conducted a vigorous campaign. Government figures gave Laborde some 6,000 votes as against over 9,000 for Tejeda, Socialist candidate; 17,000 for Villarreal and, as we already know, more than 1,000,000 for Cárdenas.

Antonio Villarreal was the Presidential candidate of the Revolutionary Confederation of Independent Parties, representing discontented reactionary elements which have grown weary of waiting for a chance to obtain some of the benefits enjoyed by the P. N. R. Since the official election figures merely reveal what the P. N. R. would like the country to think about the actual strength of the parties, it preferred to have the reactionary Villarreal regarded as its chief opponent rather than Tejeda or Laborde. Of the latter two, it fears more the railroad worker than the ex-Governor of Vera Cruz.

Adalberto Tejeda, a short time ago the most radical Governor of the most radical State in Mexico, is today a lone figure with scarcely any chance of recouping his political fortunes. Too radical for the P. N. R. almost from the beginning, he was always at odds with the federal government and in the end was unable to maintain his following in the face of federal opposition and his own ambiguous record. His efforts to organize a Socialist party were patently unfruitful. He attracted more attention by voting for Laborde than by all his campaigning.

Competent observers agree that the most serious display of opposition to the P. N. R. came from the Worker-Peasant bloc, confirming reports that of late there has been a strong underground Communist movement among workers, peasants, intellectuals and students. Yet it is doubtful if the revolutionary elements can develop a leadership in time to face the anticipated collapse of the present régime with a powerful unified organization and a clearly defined plan of action. This is true even if the trend in that direction has grown stronger during the Calles decade and particularly during the last two or three years. Through bitter experience the Mexican workers and peasants have learned the price of vague utopianism and misdirected terrorism and are now turning to a belief in other revolutionary ideas and methods.

The Gentleman From Louisiana

By F. Raymond Daniell*

The voice that is coming from the radio loud-speaker is strong, compelling, vibrant. It contains that quality which circus owners seek in a side-show barker—a quality that is at once appealing and arresting. It is Huey P. Long speaking—United States Senator Huey P. Long, who rules Louisiana like a Fascist dictator and makes his people like it. Let us listen a minute to what he is saying:

"They say they don't like my methods. Well, I don't like them either. I'll be frank with you. I really don't like to have to do things the way I do. I'd much rather get up before the Legislature and say, 'Now this is a good law; it's for the benefit of the people and I'd like you to vote for it in the interest of the public welfare.' Only I know that laws ain't made that way. You've got to fight fire with fire."

Thus spake Long just before the September primary in which the voters of Louisiana demonstrated their approval of his browbeating of the Legislature, his usurpation of the legislative and executive functions of the State Government and his resort to military pressure against his political enemies in New Orleans. How does he do it? Does it indicate a growing impatience with law-making bodies among Americans? These are questions which are being asked by thinking people in Louisiana as well as in other States of the Union. Well, as Al Smith says, "Let's look at the record."

In 1928, when Huey P. Long became Governor of Louisiana, there were less than 108 miles of paved highway in the State. There were few free bridges over its broad rivers and numerous bayous. The State House at Baton Rouge was inadequate and antiquated and the Executive Mansion was shabby and old. Many children were unable to attend school because their parents were too poor to buy them books. Illiteracy was common and the hospitals and institutions of the State were in sorry shape.

Today there are more than 3,000 miles of paved highways, a complete system of free bridges and the Capitol of Louisiana, a thirty-four-story skyscraper, stands as a lasting monument to the man who took his State out of the mud if not out of the red. His successor, Governor Oscar K. Allen, dwells in state in the lovely mansion that Long built, and the school children, whether enrolled in the public or parochial schools, study from books supplied to them by the State and paid for by a tax on natural resources taken from the soil.

These things were not accomplished without struggles and battles. There were lawsuits, bitter political campaigns and impeachment proceedings, but through them all Long rode securely, bulldozing, blustering, cajoling and trading. He lets neither laws nor lawmakers block his course; when the first get in the way he calls his legislators together to change the

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laws, and if that does not work he uses any means at his command to have his way. He shares Benito Mussolini's view of the State—that it should be managed for but not by the people.

Since he could not succeed himself at the expiration of his term, he installed Governor Allen in the mansion at Baton Rouge to finish the job he had begun and, now a member of the United States Senate, hied himself to Washington to preach his doctrine of national salvation through redistribution of the country's wealth. Today, with greater power at home than he ever enjoyed before, his rolling eyes are roving over broader political horizons, and the problem child of Louisiana must now be looked upon as a factor in national affairs.

Long has reached his forty-second year, with two more years of his six-year term in the United States Senate ahead of him. He was born on Aug. 30, 1893, on his father's farm at Winnfield, in Winn Parish in the north central part of Louisiana. An early distaste for hard work and an affinity for the pleasures of the city sent him forth as a traveling salesman, or drummer, at the age of 16, after he had won some reputation as a high school debater and a scholarship to Louisiana State University. He was unable to attend the university, however, because the scholarship did not include books and living expenses.

While he was canvassing from house to house, Long decided that he wanted to study law. That did not stop him, however, from spending virtually all he made in commissions or from marrying Miss Rose McConnell of Shreveport, La., when he had just turned 19. On money he borrowed from a brother, Long entered Tulane University in October, 1914. His money gave out in the Spring of 1915, but he had studied hard. He passed all the examinations he was permitted to take and then persuaded the State bar committee of the Supreme Court to give him a special examination for admission to the bar. He passed it, and on May 15, 1915, when he was 21, he was sworn in and declared a full-fledged lawyer in Louisiana.

The next three years were spent in desultory practice of his profession, until Long began to feel a hankering for politics. A study of the State Constitution revealed that there was no minimum age requirement for the Railroad Commissioners and, as there was a vacancy on that commission to be filled by the people of his section of the State, Long in 1918 announced his candidacy for the job. That was the same year in which he first publicly promulgated his doctrine that the wealth of the land should be more evenly distributed. He was then 24.

Though four other candidates were in the race against him, Long nosed them all out but one, finishing second in the first primary. Campaigning in the run-off primary he canvassed for votes from door to door, even as he had canvassed for sales before he became a lawyer. Long's diligence was rewarded, for he won by a majority of 636 votes, and as a member of the Railroad Commission, which later was to become the Public Service Commission, he began his warfare on the big oil companies and public utilities of his State.

Largely through Long's efforts the commission fostered legislation regulating the oil companies and declaring their pipe lines common carriers. He also was instrumental in bringing about a $1,000,000 annual reduction in telephone rates in Louisiana and in forcing a refund of $467,000 to telephone subscribers of that State. His career on the commission was so

stormy and Long made so much noise about what he was doing that he was well established as a "friend of the common people."

With virtually no organization, Long made a sensational run for the Governorship in 1924, although he was defeated by Henry L. Fuqua. In that campaign Long carried the country parishes but ran so far behind his two opponents in New Orleans that he was eliminated from the run-off primary. Temporarily out of public office but not out of politics, Long settled down to his law practice in Shreveport, finding time to go on baiting the big corporations and sniping at the Fuqua administration.

Four years later Long ran again for Governor and won. He told the voters that recent Chief Executives of the State had promised much and produced little. He pointed to the records of former Governors J. Y. Sanders, John M. Parker, Ruffin Pleasant, Henry L. Fuqua, who died in office, and O. H. Simpson, who succeeded him. Long asked the electorate to match what they had done for the people of the State in their high office with what he had done in his relatively unimportant one. The voters, hauling their cars out of mudholes with mules, paying high tolls to cross streams by poky little ferries and contemplating the debts that had been incurred for improvements which had not been made, succumbed to the blandishments of the young windmill from Winnfield and placed him in the Governor's office to joust with a hostile Legislature which later was to try to impeach him.

Huey Long is a reformer whose original motivation was a grievance against entrenched corporate wealth. As a young man he found his own dreams of wealth shattered by the refusal of the great oil companies to carry in their pipe lines the product of the independent wells in which the rising young lawyer of Shreveport was a stockholder. Years later Long had the satisfaction of hearing the United States Supreme Court agree with his contention that the pipe lines were common carriers, but that was not until his bitterness against the "oil barons" had carried him far along the road to political greatness.

Long, as Governor, showed that he knew how to deal with legislators with job-hungry relatives as well as how to cut red tape. He discerned the hand of the Standard Oil Company, which has an enormous refinery at Baton Rouge, in all his troubles, and, what is more, he succeeded in selling that idea to the people of Louisiana. Soon he had the Legislature eating from his hand and voting approval of the progressive program he had mapped out.

During this phase of his career Long hit upon the scheme which has made him almost invulnerable to newspaper criticism, although in recent years the entire press of Louisiana except his own periodical, *The American Progress*, has been against him. He resorted to the use of circulars, which through an elaborate system of distribution he was able to circulate where newspapers seldom penetrated, and he convinced the people that only by reading his broadsides could they get the truth.

He pointed out the coincidence that newspapers which turned against him immediately afterward began to bulge with fat advertisements of the oil companies, and he was able to point to some palpable distortions of fact in published accounts of his doings. The newspapers helped him undermine their standing by ignoring his denials of charges against him and by twisting what he said when they deigned to publish it. More recently they helped

him still more by deleting damaging testimony against Mayor T. Semmes Walmsley, whom they were supporting in the primary battle in New Orleans, though every word was broadcast by a radio station.

Throughout his career Long has known how to capitalize the blunders of his opposition, and there have been many. He has the advantage of running a one-man machine while the car in which his opponents ride is full of back-seat drivers. Equally important, he appears in the lists as the champion of the 90 per cent against the privileged 10.

One of Long's first acts as Governor was to raise the severance tax on oil, gas and timber to provide free books for school children. The laws of the State prohibit appropriations for private schools, but Long stifled possible Catholic opposition by having the law so drawn that the books were to be supplied to the children rather than the schools. When the oil companies went to court to protest the increased taxes Long called the Legislature into special session to impose a tax of five cents a barrel on oil refined in the State.

The storm broke at a mass meeting in Baton Rouge to demand Long's impeachment. The resolutions adopted at that meeting provided Long with just the ammunition he needed for his defense with the people of his State. One of the resolutions read: "That for the purpose of satisfying a personal grudge and getting revenge for a real or imaginary personal grievance against the oil industry of Louisiana, and in pursuance of his boast, often shamelessly publicly announced, he has proposed and used the power of his great office to have enacted a so-called occupational tax on oil refineries and other manufacturing industries of the State."

The resolution continued: "That we condemn as being vicious, dangerous and utterly without merit, any and all systems of taxation, whether they be called an occupational, a license or a manufacture tax, which directly or indirectly seek to impose tax burdens upon industries within the State of Louisiana."

Long replied that from the resolution it appeared that his opposition was "about to tax nobody but the one-horse farmer and small business man of the State." He told his constituents that the band which had entertained the crowd at the mass meeting was the Standard Oil Company's band, which had come in civilian clothes but had forgotten to erase "Stanacola" from their big bass drum.

It remained for a newspaper, the *New Orleans States*, to clinch Long's case for him with the people. On April 30, 1929, that paper carried an editorial which said: "If he had not called the special session last month, ostensibly to meet a decision of the United States Supreme Court, but in reality to punish the Standard Oil Company, against which he has a private grievance dating long before he became Governor, he would not today be facing trial for high crimes and misdemeanors before the bar of the Senate."

The embattled Governor managed by one means or another to win enough supporters in the Senate to block the impeachment proceedings. After his election to the United States Senate in 1930, but before he had taken that office, a special session of the legislature submitted his program to the people for ratification: Construction of a new State capitol to cost $5,000,000; a $75,000,000 road and free bridge building program; a bill to refinance the debts of New Orleans; an increase of one cent in the

gasoline tax, half of which was to be used for the benefit of public schools and half to meet the interest and maturities on bonds issued by previous governors, for the Port of New Orleans.

All during his tenure in the Governor's office Long had been strengthening his position. He had built roads and bridges, had put natural gas in New Orleans with a resultant cut of 60 per cent in the rate to consumers. He had installed a sprinkler system on the State-owned docks with a consequent reduction in fire insurance rates from $1.04 to 28 cents per $1,000 of value, and had rehabilitated the schools of higher learning and the eleemosynary institutions of the State. The free school books had brought a 20 per cent increase in enrolment in the schools, while night schools which he established reduced the number of adult illiterates in Louisiana by 100,000.

A seawall had been completed along the shores of Lake Pontchartrain, one of the largest and most modern airports in the country had been constructed near New Orleans and one of the most imposing capitol buildings in the country had been completed at a cost of $5,000,000. Yet in 1933, when critics charged that Long's administration had cost the State a pretty penny, he was able to reply without contradiction that the per capita cost of government in Louisiana in 1932 was 33 per cent less than the average in twenty-four other States when State, county and municipal costs were added together. The per capita cost in Louisiana was $41.97 as compared with $36.05 for Virginia, which was the lowest listed, and $102.88 for Nevada, which topped the list. Of the twenty-four States which showed their combined State, county and municipal costs, including New York with a total of $94.17, Louisiana's cost per capita was third from the lowest.

Long hastened to point out that the taxes that had made his program of public improvement possible fell not upon the little man but on the corporations best able to pay. Funds for the improvements had been derived from the gasoline tax, which had not materially increased the cost of gasoline, from the severance tax on Louisiana's rich store of natural resources and the corporation franchise tax. More recently an income tax, modeled after that of New York, has been adopted. The majority of the wage-earners in Louisiana are exempt under its terms.

From the moment Long entered upon his duties as Governor, he set out to entrench himself. He loaded the State payroll with his henchmen, handing out jobs where they would do the most good, and doing favors with State funds for those of his opponents whom he thought could be won over with kindness. For the recalcitrants he had other measures. His more outspoken opponents have found their taxes raised by his assessors, their credit stifled by his bank examiners and their produce moved off the State-owned docks.

The first meeting with Long is apt to be something of a shock. He is soft and pudgy; his undisciplined eyes, his sensuous mouth and bulbous nose all suggest a character that is willful and impetuous rather than strong and purposeful. Whether the meeting takes place in his hotel suite in New Orleans or in the capitol at Baton Rouge, the presence of bodyguards with guns protruding from their pockets is disconcertingly reminiscent of the underworld reign of Al Capone, Legs Diamond and Owney Madden.

In conversation, the Senator is colorful and salty, but not often quota-

ble. On the campaign platform he quotes liberally from the Scriptures, but his private language is the language of the locker-room. To almost any one else, Long's crude mannerisms and manner would be an insurmountable handicap, but he has made them an asset. They serve to draw curiosity-seekers to his meetings, and once he has a crowd assembled Long knows what to do. Crowds come to scoff and go home to vote for Long. Ever since he has been in politics he has fostered the public notion of him as a sort of clown. He knows it is difficult to work up any great amount of bitterness against a comic figure, and the sock and buskin have served before to distract attention from the serious business at hand. Some politicians have been ruined by ridicule, but Long is immune to that. He turns it to his own advantage, and so far the last laugh has been his.

It is difficult to escape the suspicion that Long's recent holy war against the New Orleans "city ring," the gamblers and the "vice lords" of that cosmopolitan city, sprang from a spirit of revenge. In all his campaigns, except that of 1932, when he joined with the local city machine to elect John H. Overton as junior Senator from Louisiana, the city has exhibited strong sales resistance to his pleading. It remained the last stronghold of organized opposition to his dictatorial ambitions.

To crush that opposition, Long induced Governor Allen to use the full military power of the State. The Legislature was called into special session to change the laws, and transformed the government of the State from a democracy into a military dictatorship. Predictions of armed insurrection and bloodshed were made in the Legislature; the newspapers unanimously called upon the electorate to choose between fascism and democracy; but in the end Long's handpicked candidates won, even in the city which formerly had repudiated his leadership.

Long's record is the record of a politician who often is down but never out. If an aroused citizenry were to pitch him into the Mississippi, he probably would bob up on election day with ballots sticking to his coat-tails. He is the best vote-getter in the South, because he is one of the best salesmen in politics. He boasts that he can sell anything to any one who has the wherewithal to buy, and he is constantly making good. He is thoroughly committed to the doctrine of "let the buyer beware."

At the recent special session of the Louisiana Legislature, the people of the State were so diverted by the spectacle of their Governor running errands for their Senator-dictator, so amused at legislators who protested their independence in one breath and shouted "Aye" at Long's bidding in the next, that they scarcely realized that each roll-call deprived them of some of their civil liberties. While they smiled over their newspapers at the antics of the Kingfish, Long obtained control of the State's election machinery, curbed the power of the civil courts, established a secret police and won the right to use the militia in any way and at any time he chose without interference.

Beneath the comic exterior, however, there lies a shrewd and agile mind, a political strategist unhampered by ethical scruples, an autocratic disposition and a burning lust for power—power for its own sake and power to punish those who seek to thwart him. It takes more than a comic exterior for a lawyer to command $100,000 fees and win the commendation of such jurists as the

late Chief Justice Taft and Justice Brandeis.

Long's greatest weakness is that he can lead but cannot follow. At the Democratic convention in Chicago he was one of the most ardent supporters of Franklin D. Roosevelt. No sooner had the President been inaugurated, however, than the senior Senator from Louisiana was trying to tell him how to run the country and falling out with him when Mr. Roosevelt made it clear that he had his own ideas. Since then Federal patronage in Louisiana has been dispensed by other hands than Long's.

In his autobiography, *Every Man a King*, published privately in 1933, Long says that he went to the Senate with "only one project in mind, which was that by every means of action and persuasion I might do something to spread the wealth of the land among all the people." This he purposes to do by limiting incomes to $1,000,000 a year and prohibiting the inheritance of fortunes in excess of $5,000,000. He is fond of linking President Roosevelt with his ideas of redistribution of wealth. He first expounded his philosophy of redistribution through a capital levy on the floor of the Senate on April 4, 1932, and while the tax bills of that Spring were pending he proposed a resolution to revamp them in such a way that they would have carried out his pet project. The resolution, however, got only four or five votes.

Since that time Long, through *The American Progress*, has been carrying on a persistent propaganda for redistribution of wealth. That periodical, though listed as a weekly, actually makes its appearance whenever Long feels the urge to get it out.

With every means at his command, including the use of his franking privilege as a Senator, Long has been busily going about the business of perfecting a nation-wide organization of "share-the-wealth" clubs. It has been estimated that there are now more than 3,000 such clubs in existence, with from 10 to 100 members. While they are most numerous in Louisiana, there are many in Mississippi and Arkansas, with a scattering in other States. At their present rate of growth these clubs would provide the nucleus of a potentially powerful political machine if later Long should find his field of operations in Louisiana and the Senate too limited and seek the Presidency.

Fantastic as the idea sounds, there are sober men and women in Louisiana who believe that he harbors a Presidential bee beneath his stiff straw hat. They point out that already he has shown an inclination to take part in the politics of other States. He invaded Arkansas and helped elect Senator Hattie Caraway, and in Mississippi's recent primary he gave substantial aid and comfort to Representative Ross Collins, who was running for Senator Hubert D. Stephen's seat in the Senate against former Governor Theodore G. Bilbo. Bilbo won eventually by stealing Long's "share-the-wealth" thunder from him.

Now that Long has the situation in hand in Louisiana once more, he is laying plans for a sound truck tour of the drought-stricken States in the West and Far West to disseminate a message that falls on attentive and responsive ears after five years of economic depression, unemployment and low prices for farm products. Where he is heading, no man, probably not even Huey Long, can say with certainty. But those who have ever seen Long in action cannot conceive of his standing still.

The New Deal That Women Want

By HELENA HILL WEED*

PRESIDENT ROOSEVELT has said that industrial recovery and reform, with work relief during the depression, are at the heart of the New Deal. Women who are concerned with the dignity and destiny of their sex—like all others directly affected by the new order that is in the making—are asking what this means to them in their long struggle for industrial equality.

Long before the New Deal had been dreamed of relentless economic pressure had forced women, married as well as single, to become wage-earners. Of the 49,000,000 persons gainfully employed in the United States in 1930 almost 11,000,000 were women, an increase of nearly 100 per cent over the 1920 figures. Married women constituted more than 3,000,000 of that total, an increase of more than 289 per cent since 1920.

As the world has sunk lower and lower into the depths of the depression women have borne a double burden. They have not only suffered from the depression itself but they have been forced to fight, on a world-wide front, against determined assaults upon their right to earn a living. Wherever men have gathered to discuss unemployment relief the first cry has been, "Fire the women, especially the married women, and give their jobs to men." States, municipal governments and school boards have led the way, and their example has been followed by industry and trade, on the theory that in times of stress paid jobs belonged, by right, to men.

Congress in 1932 succumbed to the hysteria. The New Dealers, then in control of the House, slipped a "marital status clause" into the Economy Act. This clause, No. 213, provides that in any reduction of personnel in any branch of the service married persons, if living with husband or wife, be the first to be dismissed—that is, if the husband or wife was also in the government service. The obvious intent of the clause, though written in terms of sex-equality, was the ousting of married women despite the fact that the Civil Service Act provides that married couples may enter the classified service together.

A storm of opposition arose when the meaning of Clause 213 was understood. Married men and women whose family obligations compelled both to work besieged the Senate. Fair-minded Senators on both sides of the chamber waged a valiant but fruitless fight to eliminate the clause, on the ground that the government was under contractual relations with those who had already lawfully entered the civil service. But the New Dealers of the House were obdurate, and finally, to save the whole bill, the Senate concurred in their demands. Although President Hoover protested against the injustice of the clause, he signed the bill. At the same time he recommended repeal of "213," as did the Civil Service Commission, which condemned the provision as an attack on the merit system.

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Because of the widespread disapproval of the law, almost every office made use of the short, rotating, payless furloughs, also provided for in the Economy Act, to effect necessary economies without dismissals. President Roosevelt was expected to ask for the repeal of this legislation. When the Economy Act of March, 1933, was written, immediately after his inauguration, many clauses of the former act were specifically renewed for the next fiscal year, but no mention was made of "213." The question then was whether this clause was to lapse at the end of the fiscal year in June.

Women threatened with dismissal under "213" appealed to Mrs. Roosevelt and Secretary Perkins—both married women working for pay—and both then denounced "213," as consistency demanded, but the Secretary of Labor, despite the fact that the Federal Woman's Bureau was in her department, said she could do nothing for them and referred the question to the Budget Director. Though he expressed sympathy for married women, he left the decision to the President, who in turn sought a ruling from the Attorney General. In the end it was decided that the marital status clause was permanent legislation.

The fight to oust married women was now on in earnest and with the apparent approval of the President. Since he issued no rules for the uniform application of the furlough system as authorized by the Economy Act, those office chiefs who were prejudiced against the employment of married women were free to begin summary dismissals.

The Adjutant General's office offered a notable example. Though the Civil Service Commission showed that by imposing a ten-day furlough on all the employes of this particular office—less than one day a month for each person during the fiscal year—all required economies could be effected, the suggestion was rejected. Immediately forty-five women, all of them highly efficient workers whose term of service averaged fifteen years and all of them with dependents, were ousted from the service, losing not only their incomes but the right to reappointment and to a civil pension, toward which they had been contributing for years. The personnel officer explained: "These women have husbands to support them." More than 1,600 married couples, it is estimated, and over 4,000 of their dependents, were affected by Clause 213.

Privation and financial loss followed upon these dismissals. Payments on homes which were being bought by instalments, by the combined efforts of husband and wife, could not be kept up, and often the life savings of the couple, which had been invested in the payments already made, were lost as well. Many of their dependents were thrown on public or private charity.

There have been more serious social results. At first many couples, terrified by impending financial disaster, separated in order to keep their jobs. After the Civil Service Commission ruled that separations made to avoid the law would not prevent dismissals some resorted to divorce, on trumped-up charges, though they continued to live together. Engagements were broken. Some young couples in the civil service, denying the right of the government to make them choose between marriage and the right to work, are living together without benefit of clergy. Religious scruples against birth control have been shed from fear of financial disaster.

Proof that this law has worked to the injury of those least able to bear

it is given in a recent statement of the chairman of the Civil Service Commission. "In practical operation," he said, "the so-called 'Marital Status Law' has affected the people in the lower-salaried groups to a far greater extent than those in the higher brackets." And he adds: "No one can dispute the greater financial necessity in the homes of the employes receiving small pay. * * * Certainly a law is unfair when it operates largely to further reduce the income of those having small incomes."

Much has been said about the unconstitutionality of certain features of the New Deal. Women feel that none can be challenged with greater confidence, or on surer grounds, than the measures already enacted, and those planned for the future, to reimpose unconstitutional minimum-wage laws on working women. Organized labor has always fought such laws for men, as a denial of the constitutional right of every individual to contract for his labor. "The minimum wage," it has been argued, "always tends to become the maximum wage, and destroys the workers' chances to advance." But William Green, president of the American Federation of Labor, admits that labor has never "had any objection to a minimum-wage law for women and children."

Working women insist that a minimum wage is as unlawful and as damaging for women as for men; that if labor organizations insist on collective bargaining as the only fair means for establishing wages, they should bargain for the whole industry, not for men only, and allow all workers, both men and women, to compete, on an equal basis, for available jobs.

Though the Supreme Court in 1923 declared a minimum-wage law for women unconstitutional, it was recognized that this victory had not been consolidated when the New Deal began, for in several States where minimum-wage laws for women had not yet been tested in the courts, attempts were still being made to enforce them. In several others, despite the decision of the Supreme Court, new laws had been written at the urging of President Roosevelt and Secretary Perkins. On the other hand, women did prevent the inclusion of a provision in the National Industrial Recovery Act which would have permitted the President to establish wage discriminations based on sex in the NRA Codes.

When the first code, that for cotton textiles, was under consideration, the New Hampshire Federation of Labor proposed discriminations against women workers. Women of every shade of thought on industrial legislation opposed them, because the NRA had promised to establish uniform hour and wage regulations which met all the demands of every group of women. This model code was therefore written in terms of absolute sex equality. Soon, however, codes were proposed establishing discriminatory wage scales, the hourly rate for men being at times 15 cents an hour higher than that for adult women and minors. When the President approved these codes, women protested and Mrs. Roosevelt took up their cause. She called General Johnson to the White House for a conference, and immediately thereafter he announced that codes would require equal pay for equal work.

Codes then began to appear in which a single wage standard was set for all workers, but which carried, in addition, the extraordinary provision, "when females do substantially the same work as males they shall receive the same pay." Women regarded this as an evasion of General Johnson's

promise and a direct hint to employers how they might pay lower wages *to women than to the men who were working at the same job.* Again there were protests, but to no avail; the President signed the codes containing this rule. Discriminatory wages, based flatly on sex, began to reappear in the codes, despite General Johnson's previous promise—and the President signed these codes.

Labor leaders next demanded that in States which still have minimum-wage laws for women upon their statute books the State rate must supersede the code rate if the State rate is higher. Women immediately pointed out that if employers in any State were required by law to pay them a higher wage than men, women would be displaced. They showed that this very thing was then taking place in the States where minimum-wage laws exist. In the face of the doubtful constitutionality of these untested State laws, both the Recovery Administration and the President approved this new discrimination against women, although other laws in conflict with NRA regulations had been ignored.

Recently still another form of discrimination against women has appeared in the codes providing that "equal pay for equal work" shall not apply during those hours when women are not permitted to work. Thus one more opportunity is given to pay men higher wages than women for the same work.

The President never placed a woman in a position of authority in the NRA to protect the interests of the millions of women in industry when these decisions were being made. Their male competitors in the American Federation of Labor, who have always worked for legislation to restrict the competition of women, have had the final, authoritative voice on NRA regulations for women in industry. And the President has approved *their unfair proposals.*

This determination of the New Deal to re-establish unconstitutional discriminatory wages based on sex is further evinced by the State pacts, now in the making. The pacts are written for the sole purpose of enacting minimum-wage laws for women in the industrial States. Two labor leaders in Washington recently boasted that they knew these laws were unconstitutional, but that they were going to obtain a reversal of the 1923 decision of the Supreme Court on this question.

The rights of working women have been further endangered by the entry of the United States into the International Labor Office. The bill authorizing this action was "sneaked" through Congress, so its labor proponents say, in the closing hours of the last session without public hearings, consideration in committee or debate on the floor of either house.

When the emergency regulations of the NRA expire male workers will be freed from the emergency minimum-wage requirements, and be free of collective bargaining, while women will be under Federal and State laws restricting their industrial competition with men. Women will face the further menace of discriminatory international agreements of the I. L. O.—agreements which will undoubtedly reflect the reactionary attitude of European dictatorships toward women.

For some incomprehensible reason the New Deal has regarded unemployment and destitution among women as less pitiable than that of men. Federal relief itself has been characterized by sex discrimination. Perhaps women themselves are in a measure to blame for this, for the age-old truth that women bear suffering with

more fortitude and less outcry than men has held true during the depression. Men thronged the breadlines and dramatized their need for relief. Women hid their plight. Nevertheless, as far back as March, 1933, it was well known that millions of women were out of work, and that an army of homeless girls, many under 21 years of age, were roaming the country. Mary Anderson, chief of the Federal Woman's Bureau, for months begged that women be given a definite place in the solution of industrial instability, and that their problems, especially those of married women, be considered with more tolerance. Responsible social workers joined in that plea, but the government did nothing for nearly eight months.

When the conference on women's needs was held at the White House, in November, 1933, Harry Hopkins, Federal Relief Administrator, admitted that "women as a group have had less attention than any other unemployed group * * * but the government now has the money and the determination to care for unemployed women. The government wants advice as to how to extend that relief. It has the power to give it, but it has not done what it should, and it feels pretty humble about it."

Representative Edith Rogers of Massachusetts, pointing out that no PWA projects had been established for women and that the CWA offered few opportunities for them, urged that, in allocating relief to the States, 20 per cent of these funds be earmarked for women's projects. The Relief Administrator seemed to approve the plan.

Since then many relief projects for women have been set up, but the government has made no systematic demand for a proper distribution of work relief among women. No Federal projects have been planned to give work to women. No State funds have been earmarked for women's projects. As a result, the welfare of jobless women in many localities has been utterly neglected.

On the theory that women have no dependents, wages were set at $5 a day for men, and at $3 a day for women. The wage-rate on CWA projects, on which men were mostly employed, was from 10 to 20 cents an hour higher than on CWS projects, where women prevailed. Men were often placed in the higher paid, supervisory positions on strictly women's projects. Women on work relief have protested bitterly that married women and widows with families of children to support receive only 30 cents an hour, while unmarried boys receive 50 cents an hour for similar work.

Responsible estimates show but little re-employment among women because of the antagonism that still exists toward hiring women while men are out of work. Women are in a worse plight than ever because they have been systematically ousted from work, and have had fewer resources than men to fall back upon. FERA reports show that of the 1,600,000 now receiving Federal work relief only 142,000 are women.

Such, from the point of view of women, is the record of the New Deal. Seemingly the long struggle for women's right to work on an equal footing with men has not yet ended. It must go on under the New Deal even as under the old.

Exploring the Atmosphere

By WALDEMAR KAEMPFFERT*

A MILLION years ago, when man was still half ape, he looked about him and wondered. Those twinkling lights in the dark sky at night—what are they? That huge ball of fire that rises high in the heavens only to sink again at evening—what is it? Whence does it come? Whither does it go? These trees, this hard ground beneath the feet—how far do they extend?

For all our telescopes and spectroscopes, our observatories and laboratories, our mathematical accomplishments and cosmic theories, we are much like that primitive savage distinguished from the brutes below by his ability to ask questions. With him science began. For science is concerned entirely with asking questions about man and his environment—the right kind of questions—and finding the answers.

Probably the first of these questioners who belong to our species of humanity were the explorers, the strong-framed savages and Vikings who boldly pushed out toward the setting sun on unknown seas or picked their way through equally unknown forests. They are commonly regarded as adventurers thirsting for excitement. They were also scientists. Consciously or unconsciously they were trying to answer questions. Where am I? How far can I travel on foot or in my boat? What is out there where earth and sky meet?

Columbus, da Gama, Magellan, Van Diemen, Captain Cook, Peary, Amundsen, Scott, Shackleton, Byrd—all are lineal descendants of the primitives who roamed and who fought with wild beasts and braved privation and disease to find out more and more about this earth. Magellan's circumnavigation of the globe was a colossal scientific experiment. It proved experimentally the correctness of the theory that the earth is a round ball.

For centuries man has been thus crawling over land and sea like some intelligent insect. At last he has learned the more important facts about the planet on which he lives. He knows its general shape and size. He is like a stranger in a house once mysterious because it was unknown. It is possible for him to draw floor plans—what he calls charts and maps—and by their means to find his way about.

And yet this is but a beginning. There is more to the earth than land and sea, mountain and desert. It never struck Columbus that the air we breathe is part of the earth, something to be explored like the more tangible ocean. He accepted it merely as a necessity of life. It is only in our own time, by which we mean the last century or so, that the wistful gaze of the explorer has turned upward to the clouds. The balloon and the airplane have given him new powers. Strangely enough, they were invented after he had satisfied much of his curiosity about the solid mass beneath his feet. No longer is he a two-dimensional adventurer poking into this valley or groping in that unthreaded forest,

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clambering up naked, snow-capped peaks or creeping over blazing, yellow sands. A three-dimensional scientist now, he must rise into the air to answer new questions about the earth. How far does the atmosphere extend? What is its relation to clouds, auroras, lightning, meteors, and for that matter to land and water, to green leaf and to man himself? A million years of questioning have at last given him a cosmic outlook.

One fact at least the early balloonists, first explorers in three dimensions, succeeded in establishing: there is a limit to the extent of the atmosphere. Men gasp and die if they ascend high enough. Yet far above the dying altitude, as it may be called, there is still an ocean of air. For all we know, the atmosphere may reach outwardly from the earth hundreds of miles, but without the aid of oxygen a man cannot breathe much above six. Even with oxygen it is doubtful for technical reasons if he can attain more than fifteen miles in a balloon.

Suppose that Columbus had been in a similar predicament in 1492, that he could not venture more than a mile or two from the shore without perishing. Yet he had reason to believe that there was land where the sun set. Thirsting for anwers to his questions, imagine him resorting to automatic devices. He invents a little ship without a soul aboard which sails off to the west. It is packed with mechanism, almost as human as Columbus himself. The instruments write down the physical facts about the voyage—the storms that are encountered and above all the unknown land and its distance from Spain. Spontaneously the vessel turns around and sails back. Columbus reads the records made by the instruments and infers what he can about a country to the west.

It is by a similar method that the modern Columbuses of the atmosphere, the earth's invisible rind, must conduct some of their explorations. Small, free unmanned balloons, freighted with featherweight, automatic instruments, were sent aloft by Teisserenc de Bort in 1896 and in later years. With the aid of the purest hydrogen little balloons designed by his successors have attained a height of somewhat more than twenty miles. There comes a time when the gas, constantly expanding with increasing altitude, bursts its rubber prison. Either a parachute or a second balloon which has remained intact carries the instruments to the ground.

These instruments are artificial senses. They write down all that they feel—temperature, pressure and other facts of interest to scientists. At first de Bort could hardly believe the scripts that were recovered. They told a story as astonishing as any that Marco Polo brought back from the empire of Genghis Khan.

More than six miles above sea level lies a strange stratum of air, he read, a layer as different from the air in which we live as the Arctic is from Panama. There are no clouds, no winds, no storms, nothing that we designate by the word "weather" One day is like another. Never is there even a mist. Perpetual sunshine. From the thinness of the air it can be inferred that the sun and the stars blaze in a purplish-black sky—flickerless, hard as so many electric arcs. Here reign eternal silence, serenity, cold that must go to the very marrow, cold that can touch minus 134 degrees Fahrenheit, according to measurements made in Batavia.

Teisserenc de Bort and the meteorologists of his day spoke of the "isothermal," or "uniform temperature" layer. Later he coined the word "stratosphere" and designated by

"troposphere" the dense stratum that hugs the earth's surface and that we breathe. Between stratosphere and troposphere lies the "tropopause," a kind of No Man's Land. The stratosphere is lowest at the poles (about six miles) and highest in the tropics (ten miles).

We dream now of traveling through the stratosphere in craft that will mark a new era in transportation. The atmospheric depths in which we live are too thick for speeds of much more than 600 miles an hour, and these speeds are attained at a technical and financial cost beyond all reason. Double the speed, and it might be supposed that the resistance encountered is doubled too. Actually the resistance goes up as the square of the speed, so that at forty miles an hour it is four times what it is at twenty. With energy expenditure it is even worse. That goes up as the cube. To double our speed we must increase our energy expenditure eight times, so that if ten horsepower is enough to attain twenty-five miles an hour, it takes eighty to attain fifty miles in the same vehicle.

In the stratosphere—how different! With air only a tenth as thick as it is at sea level a thousand miles an hour is no absurdity. Breakfast in London and luncheon in New York—our grandchildren will think no more of the performance than we do of crossing the ocean in less than five days. Already the first stratosphere planes have appeared, but they bear less resemblance to the craft to be than the first steamer to cross the Atlantic bears to the Mauretania or the Rex. Still further off are the rockets—further because the resources of chemistry, metallurgy and engineering are not yet equal to the task of devising a motor which will literally kick them from the earth and into outer space.

How far the stratosphere extends no one knows. About thirty miles above sea level, however, there is a layer of ozone which has been discovered by means of the spectroscope, by its ability to reflect the sound of heavy explosions on the earth and by the behavior of meteors. If it hugged the earth that layer would be only an eighth of an inch thick. Upon it life on this earth depends for protection from the sun. Thin as a few sheets of paper it filters out an excess of ultra-violet rays, which, if it reached the earth, would strike us dead.

Beyond this ozone layer there must be still a little air. At forty-five miles there are signs of twilight, a phenomenon impossible in a vacuum. But what is the nature of the air? Nitrogen assuredly. Perhaps some oxygen. Beyond that only conjecture. Fifty miles high there are reflections to which the name "noctilucent clouds" has been given. Dust they are held to be by some. But how can dust manage to collect in a definite layer at such a height? And whence did it come?

Far above these faëry clouds the aurora shimmers. The phenomenon implies an atmosphere, although the altitude must be 400 miles. Electrons are shot forth from the sun, infinitesimal bits of electricity. They strike the sparse atoms of air on the outer fringe of the earth's atmosphere and electrify them. The result is an aurora which, at the poles, may extend far down toward the earth and which has a definite connection with the earth's magnetism.

How sure can we be that the upper atmosphere is indeed electrified as bits of matter called electrons, hurled into space by the sun, partially wreck atoms of air and thus excite them? Radio furnishes the answer. The waves that are sent out by a powerful station encircle the earth. Yet they

are a form of light—light that our eyes are not adapted to see. To expect radio waves to cross the ocean is much like expecting to see in New York a beacon blazing in London, despite the curvature of the earth. The physicists solved this riddle by the discovery of an invisible mirror in the sky. Between this mirror and the earth the waves are partly reflected, partly conducted. Ionosphere is the name now given to that reflecting layer.

Until recent years it was thought that there was but one reflecting layer, which drops as low as seventy miles above sea level. Now it is known that there is another below it and above it a third which begins at an altitude of 140 miles. They are not fixed, these unseen mirrors in the sky. Rising and falling, their position must be reckoned with by the operators to whom our transatlantic telephone conversations are entrusted.

The more recent attack on the upper air was brought about by the discovery and study of the cosmic rays, strangely linked with radioactivity. We go back to the early days of the century. Uranium, thorium and radium had been discovered—marvels of their day and still mysteries of matter. Many famous springs proved to be radioactive. From the earth's rocks came energy that could wreck the atoms of the air and thus ionize them—make them conduct electricity.

What could be more natural than to measure the amount of this ionization or electrification? Professor Gockel, a Swiss physicist, conceived the idea of going up in a balloon and measuring the effect of radioactivity as he rose. In 1910 and 1911 he reached heights of about 13,000 feet and came down more puzzled than when he went up. The higher the balloon rose the stronger was the effect.

Struck by Gockel's results, Dr. Victor F. Hess of Innsbruck did some figuring. If the effect came from radium in the earth's rocks it ought to disappear entirely a few hundred meters above the sea level. Either Gockel was wrong or his observations were worth repeating. So Hess sent up unmanned balloons with recording instruments. There was no doubt about Gockel's findings. The rays grew stronger as the altitude increased. Hess went up in the balloons himself. Always the same result. But one conclusion could be reached. These rays had nothing to do with radioactivity. They came either from the earth's atmosphere or from outer space. To Hess must go the credit of having first definitely recognized the cosmic character of the rays.

It was Professor Robert A. Millikan who made the cosmic rays news. In 1925 he decided to enter this strange new field of exploration. He sent up unmanned balloons from Kelly Field, Texas; struggled up mountains in Bolivia; climbed Pike's Peak with 300 pounds of lead and a tank of water—the lead was to shield his sensitive instruments from radium and the water to measure the penetration of the rays; scaled Mount Whitney in order to make measurements in Lake Muir, snow-fed and therefore uncontaminated by radium; journeyed to the Arctic regions to discover what the effect was there as compared with some spot on the Equator, and even rose as high as he could in airplanes with ingenious devices of his own invention. Not only did he confirm what his predecessors had discovered but he published more accurate records.

What are these rays? Whence do they come? Our modern explorer is asking intelligent questions. Millikan was ready with sensational answers. The rays come from outer space. They are simply invisible light of

such piercing power that they utterly dwarf anything we can produce with the most powerful X-ray tube. They are "the birth cries of matter"—new matter that is being created in space as negative electrons and positive protons rush together and coalesce. Good science as this may be, it is also evidence that the use of instruments and the application of mathematics have not robbed civilized man of his gift of poetic wondering.

But to Professor A. H. Compton, who has supervised the cosmic ray equipment of the American adventures into the stratosphere, the rays are merely bits of matter. Most physicists are of the same opinion. There can be no doubt that the effects are stronger near the Poles than at the Equator, which is exactly what is to be expected if the rays are electrified particles. The earth is a huge magnet. Theoretically it ought to draw such particles to its Poles.

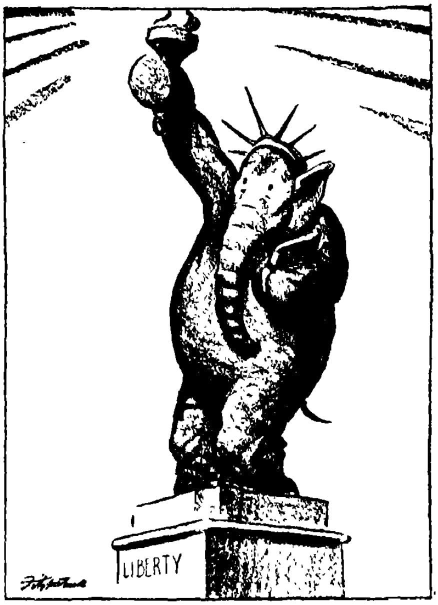
We see, then, that ballooning has always been a part of cosmic ray research and that the stratosphere is as important to the atomic physicist as it is to the meteorologist. Thus far the quest has not been successful. Even Professor Regener, whose unmanned balloon reached a height of 13.66 miles, has added little to what his predecessors discovered.

There will be more ascents into the stratosphere by adventurers imbued with the question-asking spirit of science, but so doubtful is it that they can do more than Piccard or the Russians and Americans who have emulated him that Professor Compton is about to direct a series of explorations with unmanned balloons which are to be equipped with radio transmitters and cosmic ray instruments. Seated comfortably and safely in their laboratories, the physicists will listen to the findings of a new robot. As the instruments ascend the radio set will read them and automatically transmit their findings to the earth below. It is not a new conception. The Russians have been experimenting with such devices for years. And the advantage? The certainty that records will be received. The instruments of an ordinary sounding balloon may or may not be recovered and returned to the scientist whose name appears on a tag attached to them.

Cosmic rays, auroras, reflecting layers, faëry clouds high in the sky—they are connected in some way not yet divined. Everywhere we see electrons at work—infinitesimal bits of matter or electricity, however we choose to regard them. The secret of the atmosphere may prove to be the secret of the atom in which these electrons play an indispensable part.

At last the earth stands revealed as a more wondrous globe than even the ancient myth weavers imagined it to be. In the mind's eye we see it with all its aureoles—the concentric, fluttering halos that constitute its ionosphere, the auroras spreading out like a corona and testifying to powerful magnetic effects, and the atmosphere brilliantly blue. If we could only transport ourselves to the moon! There we would see the misty, sapphire glitter of a planet that is unique in the solar system, unique, perhaps, in the vast universe of countless billion stars. Noctilucent clouds, ozone layer, stratosphere, troposphere—we would behold them as distinct shells. Deep down we would note a thick, disturbed sediment. In these dregs, stirred by winds, oceans wash continental shores visible through rifts in banks of clouds, life flourishes, airplanes fly, a race of thinking creatures gazes out and asks questions about the atmosphere without which it cannot live and becomes dimly aware that it has a cosmic destiny.

Current History in Cartoons



Believe it or not
—*St. Louis Post-Dispatch*



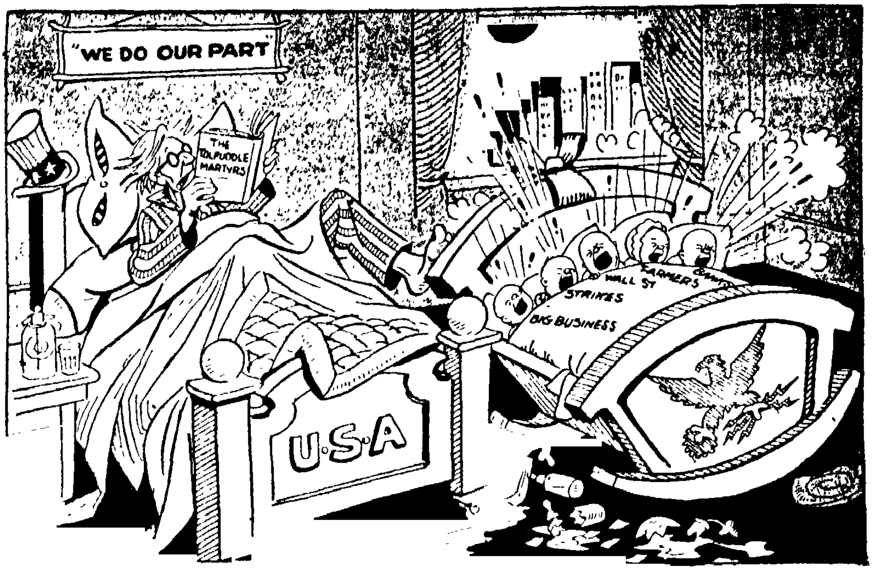
Well, well, well!!
—*The Sun*, Baltimore



Big enough to think for himself
—*St. Louis Star-Times*



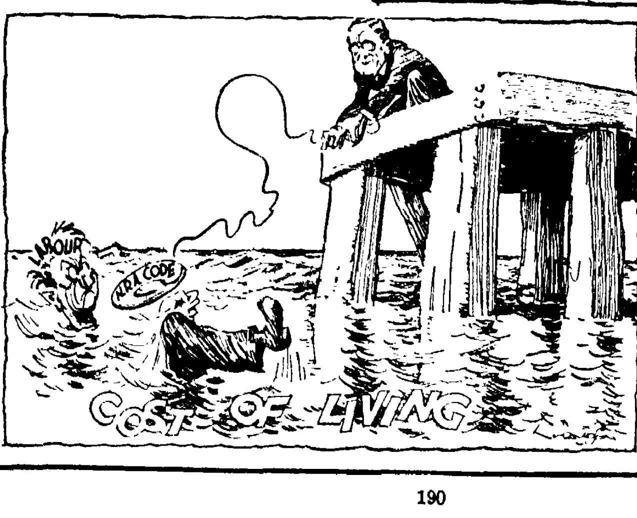
Old bipartisan two face
—*The Courier Journal*, Louisville



Uncle Sam's quintuplets
The Daily Express, London



Another new deal wanted
Glasgow Record



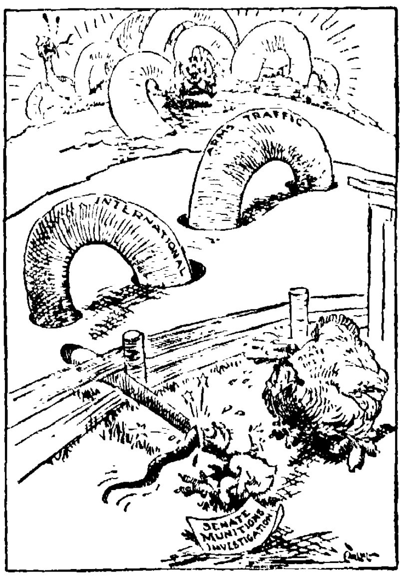
The Man in the Water—"Take away that toy, Mr. Roosevelt, and give me a real lifebelt"
—*Glasgow Evening Times*



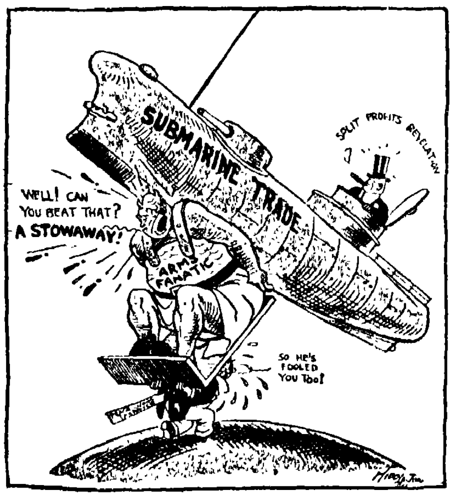
Working both sides of the world
—St. Louis Post-Dispatch



The family skeleton
—The Philadelphia Inquirer



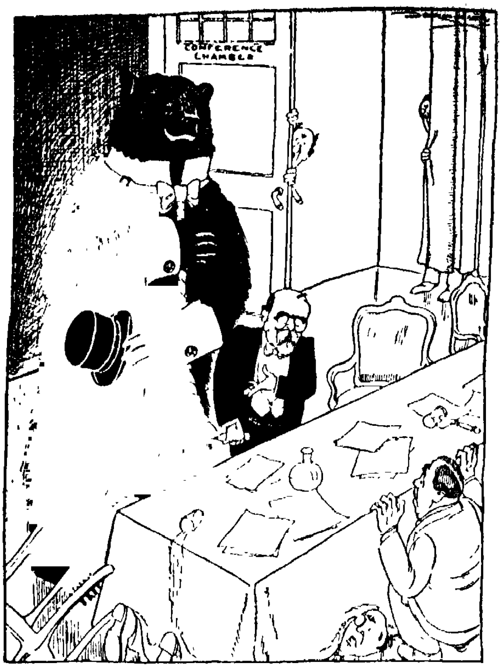
A large mouthful
—New Haven Evening Register



Trouble upon trouble
—Birmingham Gazette



Collision in the Pacific
—*The Dallas Morning News*



Barthou—"Have no fear; this is no ordinary bear"
—*De Groene Amsterdammer*

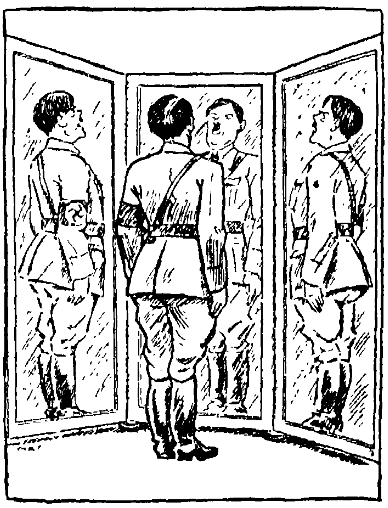


Straining at the leash
—*Western Mail and South Wales News,* Cardiff



The rival mastersingers of Nuremberg

—*The Daily Express,* London



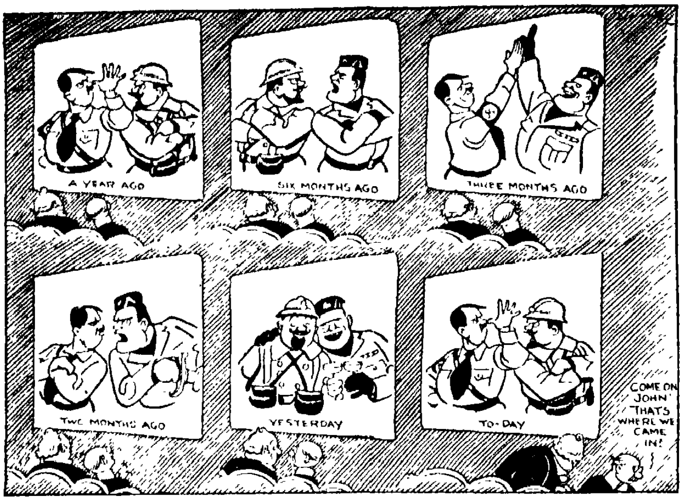
"My Lord President, as Chancellor I have the honor of presenting to you the members of my government"

—*Poslicdnija Novosti,* Paris

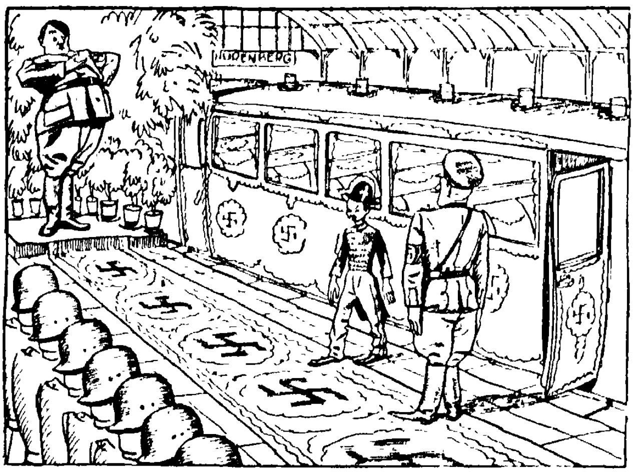


"What? Bread? Don't you know the National-Socialist revolution is over?"

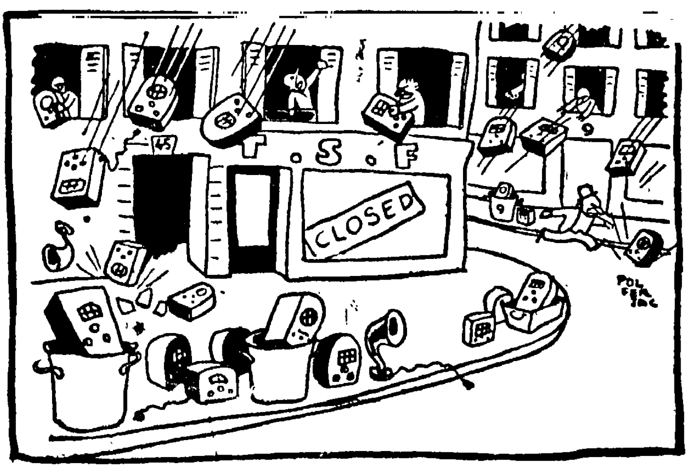
—*Humanite,* Paris



Germany, France and Italy in the newsreel
—*The Daily Express,* London



Hitler greets the foreign Ambassadors at Nuremberg
—*De Groene Amsterdammer*



France prepares for Doumergue's next speech
—*Le Canard Enchaine,* Paris

A Month's World History

The Labors of the League

By Allan Nevins
Professor of American History, Columbia University

Some opponents of the League of Nations have exulted during the past year in what seemed its gradual but fatal decline. Prestige and power departed with Japan and Germany, they told us, leaving the halls of Woodrow Wilson's great institution mere shells in which dwelt a few secretaries and statisticians turning out academic information about the opium traffic or the world's health.

But the recent League sessions showed how erroneous is this view. The eighty-first meeting of the Council and the fifteenth ordinary meeting of the Assembly, opening on Sept. 7 and 10, respectively, brought together most of the men whose work it is to arrange the diplomatic map of the world. It is true that the original League of Nations idea has been greatly modified, but its machinery of Assembly, Council and subcommittees is indispensable to those who deal with international politics.

The word politics best describes the business treated in Geneva during September. Some of the unhappier connotations of politics were evident in the treatment of such urgent problems as the Saar plebiscite of next January, the integrity of Austria and the two-year-old war between Bolivia and Paraguay. The object seemed to be to find the easiest rather than the best solutions. And it was quite clear that the real interest was not in the formal meetings, but in the conferences behind the scenes at the delegates' hotels.

The agenda of both the Assembly and Council were full, and the delegations sent to deal with them were large. After the Assembly had been opened by M. Benes of Czechoslovakia, Richard J. Sandler, Swedish Foreign Minister, was chosen president. The delegates then learned that the arms embargo intended to smother the conflict in the Gran Chaco was being completed, for with the announcement by Great Britain and Belgium that they had put embargo measures into effect, twenty-three nations had complied with the League's proposal. A report by the Argentine delegate on the Chaco peace negotiations stirred the wrath of both the Bolivian and Paraguayan Foreign Offices, for they accused Argentina's Foreign Minister, Saavedra Lamas, of disclosing negotiations that were still in the confidential stage. A stormy debate in the League's Political Commission ensued, but produced no practical suggestion for bringing the combatants to reason. The sending of a force of League policemen to the Chaco, as proposed by Eamon de Valera, was obviously impracticable.

At last, on Sept. 24, it was decided to lay the whole responsibility on the Council with the hope that a second effort on its part might be more fruitful than that of last year. The Council, however, failed to decide upon any method of procedure.

In similar fashion, the safeguarding of the Saar plebiscite was left uncertain. Saar Commissioner Geoffrey C. Knox reported last August that Germany is illegally interfering in Saar politics and training young Saarlanders in Germany with the expectation of marching them back into the territory in time to vote. He had asked for 2,000 police from outside the Saar to patrol the polls, but the Council reached no final decision.

Austria's attempt to obtain clearer assurances of international support in case Nazi attacks are resumed was blocked by Great Britain and the Little Entente delegates. Chancellor Kurt Schuschnigg, a less effective diplomatist than his predecessor, Dollfuss, entrusted a guarantee plan to Baron Aloisi, the Italian delegate, asking him to obtain the consent of France and Great Britain. The plan was simple, being in essentials an agreement by France, Britain and Italy, and such other States as might care to adhere, that in an emergency they would take whatever steps the situation demanded. Baron Aloisi duly showed the plan to Louis Barthou, who agreed in principle for France and handed it to Sir John Simon. Sir John immediately rejected it, pointing out that such a commitment might oblige Great Britain to send an army to the Continent in Austria's defense. The Little Entente objected that the plan placed entire responsibility on the great powers, leaving Austria's smaller neighbors without any assured voice.

It will be recalled how deeply one Little Entente nation, Yugoslavia, was alarmed when last July Italy rushed 100,000 soldiers to the Austrian border. The Yugoslavs then pointed out to the League, with justice, that Mussolini's step was a usurpation of the League's own rights. The Yugoslav delegate now argued that the Schuschnigg plan would in practice merely give Italy a show of right to do what Yugoslavia fears she will do in any case on slight provocation. Since no plan could be found on which all the nations would agree, France, Italy and Great Britain fell back on their original declaration of Feb. 17, signing a restatement of the necessity of maintaining the integrity of Austria according to existing treaties.

Before the Council adjourned the League acquired three new members, Russia, Afghanistan and Ecuador. Russia's admission is discussed elsewhere in this magazine. Afghanistan was accepted on the last day of the Assembly, Sept. 27. Ecuador's application arrived just afterward, but since Ecuador was one of the States originally invited to join the League, it was not necessary that the Assembly vote on her admission. The Council was able formally to receive her as the sixtieth member of the League just before the end of the meeting on Sept. 28.

Routine business involved the retirement of China from her nonpermanent seat on the Council and the election of Turkey in her place. A gratifying report from High Commissioner James G. McDonald on the relief work for German political and religious refugees was presented to the committee on technical organizations. It was disclosed that Jews of the United States and Great Britain have contributed $5,000,000 toward relief and that this has enabled the commission to repay the League's initial loan. Fully 25,000 refugees have been

helped thereby to gain a home or livelihood.

POLAND AND HER MINORITIES

The most sensational episode of the session was Poland's attempted denunciation of her treaty obligations to racial minorities. This incident was perhaps a by-product of M. Barthou's recent talks with Joseph Beck, the Polish Foreign Minister. Although Polish relations with France have been somewhat strained since Poland signed her treaty of friendship with Germany, the Franco-Polish military alliance and the tradition of friendship made it possible for M. Barthou to persuade Warsaw to consent to Russia's obtaining a permanent Council seat. Previously Poland had had written assurances from Maxim Litvinov, Soviet Foreign Commissar, that Russia would maintain the clauses in the Treaty of Riga by which she promised to keep out of Poland's internal affairs. This was important because Poland has large minorities of White Russians and Ukrainians, and the League Covenant provides that under the minorities treaties any member may protest the treatment of its nationals under foreign rule.

Either Litvinov's assurances were not sufficient for M. Beck or Poland believes herself sufficiently powerful to quarrel with her irksome obligations under the minorities treaty. On Sept. 13 the Polish Foreign Minister astounded the Assembly by giving notice that "pending the bringing into force of a general and uniform system for the protection of minorities, my government finds itself compelled to refuse as from today all cooperation with international organizations in the matter of supervision of the application by Poland of a system of minority protection."

This was a declaration of independence almost as bold as Adolf Hitler's. Article 93 of the section of the Versailles Treaty dealing with Poland requires Poland to safeguard the foreign elements within her territory by signing a minorities treaty in agreement with the Allied and Associated Powers. This provision was thought to be an essential condition for Poland's re-establishment as a nation, and time has shown its wisdom. Until the recent German-Polish treaty Germany frequently protested against Poland's treatment of German residents. The dictatorship of Marshal Pilsudski no doubt finds the obligation toward minorities inconvenient, and regards League supervision an affront to Poland's growing sense of importance.

After M. Beck's sudden move, it was predicted that Poland would either have to modify her position or go the whole road and defy the League. But these forecasts proved mistaken. On the next day she received an emphatic rebuke from Sir John Simon, who pointed out that Poland could not release herself from her obligations by unilateral action. M. Barthou briefly seconded the British view. Baron Aloisi for Italy reminded Poland that if one of the provisions in the peace treaties could be denounced, then so could others. Poland's boundaries are open to question, and were she to enforce a revision in respect to minorities she might find other nations demanding revision of her frontiers. A week later the issue was quietly dropped by Poland's withdrawal of her proposal for generalizing the protection of minorities.

ARMS AND SECURITY

The question of whether to resume or finally terminate the Disarmament Conference was postponed again when its president, Arthur Henderson, in

agreement with the French Foreign Minister, M. Barthou, announced on Sept. 9 that no meeting of the conference would be held before November. On the last day of the League Assembly sessions the Soviet Foreign Commissar, Maxim Litvinov, endeavored to administer a *coup de grâce* by proposing that a report of the work of the conference be submitted to the Council, which could then decide what new steps, if any, should be taken. President Sandler, on the plea that time was short, declined to put the proposal before the Assembly. M. Litvinov, announcing that he would bring his proposal up in the Council itself, suggested that the Disarmament Conference be supplanted by a permanent organization to watch and give publicity to the armaments situation.

In naval affairs there is still little to report. The informal discussions in London which were discontinued until Japan could decide whether she would join them or scorn them are now to be continued. Japan has sent Rear Admiral Isoroku Yamamoto to London, where he will collaborate with Ambassador Tsuneo Matsudaira in presenting her new naval plan to the British government.

This plan includes a demand for abolition of the ratios established by the Washington and London treaties, and is also said to favor a reduction in what Japan considers offensive armaments—capital ships and aircraft carriers. These ships, because they can operate far from their bases, are the most serious menace to her superiority in the Pacific. If the naval powers reject her plan—and it is inconceivable that the United States would agree to weaken the two most important branches of its service—Japan seems certain to abrogate the Washington naval treaty at the expiration of the London treaty, on Dec. 31, 1936.

It is not by any means certain that the termination of the naval treaties will cause serious grief to the other signatories, although Japan will certainly bear the blame. The United States has manifested a determination to build a navy surpassed by none. Great Britain, although the Labor party is pacifist, has a strong respect for her navy and its admirals. What the British Navy itself thinks of extending the London treaty was expressed by Admiral Sir Roger Keyes on Sept. 4. "Security on the sea is as vital to Great Britain as the air we breathe. * * * It is very necessary, in my opinion, that Britain should free herself from the treaty."

Since plans for the limitation of armaments are at a standstill, political safeguards of peace become more important than ever. France during September was still laboring eagerly to promote her pet Eastern Locarno pact. Germany, the centrepiece of the scheme, for many weeks avoided the onus of an outright rejection, although she freely criticized it and indicated that it was not acceptable. Finally, on Sept. 10, she issued her formal refusal.

Her principal reason was that she could not sign such an agreement as long as she was denied equal rights in armaments. She maintained that her position in the heart of Europe would be sure to involve her in conflicts with heavily armed neighbors should she agree to any pact of mutual assistance—and she lacks the materials to carry on a conflict. Of course, she did not mention her discontent with the boundaries established by the peace treaties and her desire to recapture territories in Eastern Europe which the new Locarno would guarantee. Poland also

remains thoroughly frigid toward the whole plan.

While France and Poland are drifting apart, vigorous efforts are being made for a rapprochement between France and Italy. Both governments appear bent on forgetting their differences in order to present a solid front against Germany. Some ambitious schemers seem to hope even to form a Franco-Italian-Little Entente-Austro-Hungarian bloc against the Nazis! In order to achieve this, Italy must be reconciled with Yugoslavia; Hungary must be separated from her German sympathies and made to embrace the Little Entente, the members of which she bitterly hates, since the peace treaties gave so much of her former territory to them, and Austria must extinguish the yearning which a large part of her population still feel for union with Germany, together with the hope which another large part of her people have for re-establishing the empire under young Prince Otto.

TRADE AND FINANCE

The last month brought two appeals for the lowering of tariff barriers to trade. The first was a declaration by Secretary of State Hull, steadfast champion of low tariffs, that the United States was ready to sign an agreement with all nations of the world not to invoke the most-favored-nation clause in their commercial treaties to the prejudice of general trade accords. Two days later, on Sept. 22, Premier Bennett of Canada in a report to the Second Committee of the League drew a vivid contrast between domestic recovery and international stagnation, and urged a concerted move to clear the routes of commerce.

Both Canada and the United States have definite accomplishments to boast of. Secretary Hull in a press conference on Sept. 12 announced that the United States had under way ten foreign trade negotiations, most of them with Latin America. The new Cuban trade agreement, which went into effect on Sept. 3, had already shown its benefits in increased ship loadings.

Canada, for her part, signed on Sept. 29 a trade agreement with France, markedly lowering some tariffs. Brazil, not to be outdone, has begun to negotiate reciprocal commercial treaties, especially in order to find an outlet for her great coffee crop. Discussions with the United States and Germany have been reported as encouraging.

Economically, the unhappiest spots in the world are probably Germany and Russia. Of the true conditions in the latter we know little; in the former, all too much. Dr. Schacht has progressed from repudiation to repudiation, and from restriction to restriction. Beginning with a partial moratorium on medium and long-term commercial credits, he has arrived at a largely successful moratorium on even the Dawes and Young Plan bonds. His plea has been lack of foreign exchange because of shrinkage of German exports; and his well-understood purpose has been to force the establishment of a foreign market for German exports by withholding exchange for foreign credits until favorable commercial agreements shall have been negotiated with the creditor countries.

But Germany seems to have overreached herself. The difficulties involved in these special agreements have been disastrous to her trade. There is no doubt that her shortage of foreign exchange has become very real. It has led to a drastic governmental decree which makes it impos-

sible to import a mark's worth of foreign goods without passing through intricate and time-consuming formalities. Under this decree, which went into effect on Sept. 24, twenty-five control boards are empowered to supervise all imports of commodities. These control boards are intended to distribute the foreign exchange necessary to the importers.

So unwieldy is this new mechanism that at the end of September not a pfennig's worth of exchange had been allotted to the boards by the Reichsbank. This meant, of course, complete stagnation of imports, with consequent ill effects on exports, which in turn lessened the exchange available. In other words, German trade seemed to be approaching bankruptcy. Resourceful importers were beginning to turn to simple barter. The newspapers were beginning to offer barter departments through which German and foreign dealers could come together. In Berlin, the American Chamber of Commerce appointed a special committee to handle the deluge of inquiries from the United States as to barter possibilities.

Meanwhile a survey of this year's crops, published by the German Business Research Institute on Sept. 26, showed that Germany would be far from self-sufficient this Winter in the matter of food supplies, for wheat, rye, oats and barley have all suffered heavily from the drought. The outlook of the Reich has seldom been gloomier.

The Washington Arms Inquiry

THE initial results of the inquiry by a special committee of the United States Senate on munitions startled many people, including probably those familiar with recent books on the so-called international armaments ring. From Sept. 4 to Sept. 21 the committee, headed by Senator Gerald P. Nye, heard testimony involving the Electric Boat Company, the Driggs Ordnance and Engineering Company, the American Armament Corporation, the Curtiss-Wright Export Corporation, E. I. du Pont de Nemours Corporation, the United Aircraft and Transport Corporation, Federal Laboratories, Inc., the United States Ordnance Engineers, Inc., and the Lake Erie Chemical Company. The committee then adjourned until December.

What did the inquiry disclose? It showed first of all that the war supplies business is indeed international, that American manufacturers often work in close harmony with their foreign rivals. The Electric Boat Company and Vickers, Ltd., of England, for example, divided the world into spheres of influence, exchanged patents and split profits. One result of such cooperation was that American submarine devices were used against American and Allied shipping during the World War. Another was that during the Tacna-Arica dispute an American firm had armed Chile while its British ally sought to arm Peru.

The ugly word "bribery" was heard on more than one occasion during the inquiry. A Curtiss-Wright official did not hesitate to admit that commissions paid by his firm were actually bribes. The Electric Boat Company had been sufficiently impressed by the good qualities of a Peruvian naval officer to reward him with a fee of

$326,000. Name after name, personality after personality appeared in the press as the list of "commissions" was aired before the committee. In the words of one manufacturer, "enough grease and palm oil will work wonders" in selling war supplies.

Evidence brought out by the Senators showed that certain firms could well afford to pay "commissions"—whether or not they did so. The United Aircraft and Transport Corporation, started in 1925 on an investment of $1,000, had by 1932 paid in cash dividends over $6,000,000 and in stock dividends $5,000,000. During the World War the du Pont company had done business totaling $1,245,000,000 and had in four years paid dividends amounting to 458 per cent of the par value of the original stock.

The testimony of more than one witness seemed to show that Germany was rearming despite the prohibitions of the Versailles Treaty. A representative of the Electric Boat Company explained that "all the German firms who build parts or machinery for submarine boats have established camouflaged concerns" beyond German territory. Nor were American companies above suspicion in this regard. The United Aircraft and Transport Corporation had during the first eight months of 1934 delivered in Germany—"for commercial purposes"—airplane equipment valued at nearly $1,500,000. The du Pont company in 1933 drew up a contract with an agent for the sale to the Reich of military propellents and military explosives. This contract, however, was almost immediately canceled by the du Ponts themselves.

In this connection Secretary of State Hull on Sept. 18 made clear that the American Government since 1921 had refused to sanction exports to Germany of war munitions or supplies of potential military value. But under other circumstances, the testimony showed, persons high in government circles had been extremely considerate of domestic munitions makers. During the Coolidge administration the War Department had divulged to the Driggs Ordnance Company the latest army anti-aircraft designs, and the company had thereupon offered Turkey the "world's latest and best designs, upon the development of which the United States has spent over $2,000,000." What is more, the American cruiser Raleigh had steamed to Istanbul to exhibit the merits of the material. American army pilots had been "lent" to airplane manufacturers to act as demonstrators in foreign countries, and on a recent visit abroad the American Chief of Staff, General Douglas MacArthur, was said to have "talked up American equipment to the skies."

Some observers were tempted to believe, moreover, that the war supplies industry had influenced legislation. Federal Laboratories in 1933 had sought the assistance of Pennsylvania State Senators to defeat an unfavorable bill then before the Legislature at Harrisburg. A vice president of the Electric Boat Company had reported to his superiors in 1928 that through his efforts two sympathetic Congressmen had been elected to the House Rules Committee and that other portions of "our legislative efforts have borne fruit." Du Pont officials admitted discussing Congressional arms embargo measures with high army officers, one of whom was "very close to Secretary Hull."

But whatever the truth of these unsavory allegations, few people could believe after reading much of the testimony that arms manufacturers were greatly saddened when a war loomed on the horizon. The American Arma-

ment Corporation, agent for a British firm controlling a stock of 700,000 rifles and about 50,000 machine guns, had been advised by the London office to advertise this cache in proper quarters, since if an emergency arose in the Far East "there would be a big rush for serviceable material." "We were not discriminating," explained the president of Federal Laboratories, when asked what his firm had done to arm Bolivia and Paraguay for their war in the Chaco. Another firm, however, had remained on one side of the fence during recent Peruvian-Colombian difficulties. The basis for this loyalty, an agent of the company disclosed, was that Colombia had a good deal of money while Peru had relatively little.

No one seems to know how much evidence which might have come before the public was concealed, either by the witnesses themselves, or, for reasons of diplomatic expediency, by the Senate committee. Letters introduced into the hearing showed that at least a few manufacturers had been farsighted enough to expect an eventual investigation of their affairs. "It would be a mighty good idea," wrote one, "if you went through the files and took out all letters mentioning names and commissions." "I do not wish our files to contain anything bearing on this business," a former president of Curtiss-Wright cautioned an associate; "you can always send any necessary letters to my home and thereby keep them out of our files." As for the Senate committee, despite promises that there would be no soft-pedaling, at least a few relevant documents were withheld by them from the vulgar gaze. Five cablegrams in some mysterious way relating to Argentina, for example, were deliberately omitted from the record and dispatched posthaste to Buenos Aires.

Perhaps the most amazing effect of the investigation was the uproar it created abroad. Great Britain, to be sure, remained officially unperturbed by charges that King George and the Prince of Wales had used their influence to further the foreign sales of British arms manufacturers. Certain Latin-American nations, however, were greatly exercised that names of their officials should have been, as it seemed to them, bandied about. The Peruvian Ambassador at Washington was ordered to start libel proceedings against the Curtiss-Wright interests; Argentina strongly protested the alleged defamation of Argentine officers; Mexico objected formally to insinuations that President Rodríguez might favor the establishment of a Mexican aviation plant if thereby he would profit; Chile announced that American firms need no longer hope to sell a dollar's worth of aviation material there; while Bolivia and Venezuela entered sharp protests (for further details see p. 219).

As a result of the revelations in Washington, Brazil, Peru, Argentina and Chile immediately began inquiries of their own, and British organizations announced that they would press for a government investigation when Parliament reassembled on Oct. 30. In the United States the chief effect was to intensify the discussion of the question whether profits should be eliminated from war by nationalizing the munitions industry and by applying confiscatory taxes upon all large wartime incomes. Meanwhile, the American public awaited the next phase of the inquiry. R. T.

Emerging Issues in America

By CHARLES A. BEARD

THAT President Roosevelt intends to move forward along the lines of collective organization and codification in industry, labor and agriculture was made clear and positive in his radio address to the nation on Sept. 30—one of the most ingenious State papers in American history.

At the outset he cited Elihu Root's description of the changes which have substituted national integration and interdependence for "the give-and-take of free individual contract," and Mr. Root's insistence on new government policy made necessary by these changes. He told business men that they had long been demanding "self-government in industry" and that they had been given under NIRA as much self-government as the public interest would permit. To the advocates of "let us alone," who have been citing British recovery, the President replied by pointing out the numerous measures for social and economic security adopted in Great Britain long before the New Deal began. With a certain irony, the President added: "And let it be recorded, my friends, that the British bankers helped their government."

Critics objecting to labor measures he reminded that it was natural for labor to organize when farmers and business men were demanding the right to organize and codify. The idea that there must be a permanent army of unemployed, the President utterly repudiated; and, while admitting many mistakes in the past and conceding the uncertainty of things, he pledged himself to continue the battle for greater security and freedom for the average citizen than ever known before in the history of America.

Among the more spectacular events which drew forth great headlines in the newspapers was the progress and settlement of the general textile strike. As usual in such affairs disturbances occurred at many textile centres, troops were called out, strikers were killed and wounded, and troubles were laid at the door of "the Reds." As usual also, there were claims and counter claims on the part of the contestants. Underneath the barrage of assertions, contentions and reports two facts appeared to be established. A larger number of workers joined the strike than the labor leaders had reason to expect. The temper of "the rank and file" was more militant than that of the directorate. In other words, the strike did not seem to be a mere device in the strategy of labor leadership to enhance its own position and strengthen the union.

While the textile controversy offered many phases as old as the history of labor disputes, its progress and outcome indicated some fundamental changes in American thought and practice since, let us say, the great railway strike of 1894, when the chief concern of the President of the United States was the use of Federal troops to move the mails and, as one of the army officers boasted at the time, to "break the strike."

When it became evident that the textile strike was taking serious pro-

portions, President Roosevelt appointed a Textile Inquiry Board, headed by Governor John G. Winant of New Hampshire. After an extended investigation this board reported to the President. It recommended the creation of a Textile Board of Labor Relations to handle complaints and assume jurisdiction over labor disputes arising in the industry under Section 7a of NIRA, the codes of the industry and otherwise. It recommended the establishment of a special board to deal with the "stretch-out," or work assignments given to individual employes. As to wages, it advised arbitration by "such agency as the President may direct to determine whether a wage increase based on hours reduction can be sustained" after a scientific study of the facts in the case. Without any equivocation the Winant board declared that the system of administering the labor provisions of the code "has completely lost the confidence of labor in this industry." But the issue of union recognition was avoided in its report.

Shortly after the receipt of the Winant report President Roosevelt approved its terms and invited Francis J. Gorman, the chairman of the strike committee of the United Textile Workers of America, to accept them as a basis for future settlement. With alacrity, on Sept. 22, Mr. Gorman approved the proposal and called off the strike, proclaiming the outcome a sweeping victory for labor. George P. Sloan, president of the Cotton Textile Institute, on the other hand, was noncommittal. He declared that the institute was prepared to "consider seriously" any proposals that President Roosevelt might choose to make, but he did not promise that all strikers would be re-employed or that the industry would abide by future awards based on the Winant report.

Yet the whole configuration of the controversy and immediate upshot reflected minutely the increasing integration of American economic life—organized industry on one side, organized labor on the other, with the Federal Government assuming responsibilities for keeping the industry in operation as a collective concern, in the light of multitudinous findings made by scientific inquiry. This does not look like the "recovery" of the configuration obtaining in 1928 or 1912. It looks like movement in the direction of what President Hoover called "associational" economy.

As the Autumn advanced, the monetary policy of the President of the United States became clearer in connection with the proposition of the Treasury to convert a large part of the uncalled Fourth Liberty Loan into obligations bearing a lower rate of interest. The announcement in September was greeted by a temporary softening of bond prices and an indication that bankers were in no hospitable mood—a fact already revealed by *The Literary Digest's* poll of bankers on the New Deal. The relations of the United States Government to the banking fraternity had evidently changed. In the old days, when a flotation was at hand, the Treasury could call New York banking houses on the long-distance 'phone and ascertain in advance just what they were willing to do. Then an announcement of a *fait accompli* could be made amid a chorus of approval. In September, 1934, the President was in no such fortunate or unfortunate position. The Treasury had to appeal to the country without advance knowledge of results, and the reception was not happy in all respects. Had the President committed himself to a positive currency program, his hands would have been tied.

As things stood, however, he still

had at his command three powerful weapons—an additional reduction in the gold content of the dollar, a manipulation of silver and, finally, the printing press under the terms of statutes on the books. Absence of exact commitments on his part gave him a strategic position. It may be that a fight on this issue is bound to come, but neither party to the conflict seems ready for a show-down.

Although no drastic changes have been made in the set-up of Federal financial agencies and procedure during the past few weeks, many signs in the news indicate coming changes of large proportions, either by executive decree or Congressional action. By legislation extending over a long period of time, Congress has been moving in the direction of an independent credit and financing system for agriculture, controlled more or less by farmers' associations. This tendency involves the steady curtailment of the area of farm financing occupied by banks, insurance companies and other private lenders and the widening of the area under Federal auspices. At the same time the financing of home owners, begun under President Hoover's administration, tends to develop another sphere of banking apart from purely private operations, although existing institutions are more extensively employed here than in the case of agricultural credit.

Hints have come from the Treasury Department to the effect that experts are already at work on the consolidation and systematization of agencies now charged with important economic functions in these two fields of banking and credit. While the Treasury has officially denied any intention of "tinkering" with the Federal Reserve System—which has acquired a certain odor of sanctity in twenty short years —speeches by Senators and Representatives have foreshadowed "a closer coordination of Federal Reserve and State banking institutions," if not the establishment of a central national bank. Here also the sentiments of the country, as distinguished from its intellectual formulations, appear to be considerably to the left of President Roosevelt's position.

On two special issues bound to come up in the next Congress—employment insurance and the precise future of NRA—no official pronouncements have been made. The President's committees and advisers are still at work on both projects. The resignation of General Hugh Johnson as Administrator of NRA, accepted by President Roosevelt on Sept. 25, afforded the occasion for much speculation concerning that division of the New Deal, and brought forth many suggestions and hints relative to a coming reorganization; but in the matter of specifications the White House was silent.

Some clue to high official opinion at the moment was given, however, in Mr. Roosevelt's letter of thanks to General Johnson for his services. In that document he gave the General credit for the elimination of child labor, the recognition of the principles of a fair wage and collective bargaining and the first efforts to eliminate unfair practices within business. It would seem, then, that in the forthcoming plans for NRA to be presented to Congress these items are to be included and that there is to be no clear-cut return to the order of things existing on March 4, 1933. It may be safely assumed that after the November election returns are analyzed by experts something more positive will be announced with respect to the rôle of great industry in American economy, despite the fulminations of corner-store economists.

Without waiting for General Johnson's resignation to take effect on

Oct. 15, President Roosevelt appointed immediately a National Industrial Recovery Board to take the place of administration by a single head, so far as Title I of the NIRA was concerned. The new board consisted of S. Clay Williams, former president of the Reynolds Tobacco Company; Sidney Hillman, president of the Amalgamated Garment Workers; L. C. Marshall, labor specialist; A. D. Whiteside, president of Dun & Bradstreet, and Walton H. Hamilton of the Yale Law School. To this board were transferred all powers previously delegated by executive orders to the Administrator for Industrial Recovery. Meanwhile the Industrial Emergency Committee, composed of heads of departments and agencies dealing with problems of relief, public works, labor disputes, industrial recovery and agriculture, was instructed to advise the President in respect of policy and under his direction to coordinate the administration of policies in a united front. It was also announced that the President was taking personal charge of NRA and the preparation of plans for changes to be laid before Congress.

During this process of reorganization leaders in business affairs, such as Gerard Swope of the General Electric, were called in consultation, and Henry Harriman, president of the United States Chamber of Commerce, made public the ideas of organized business bearing on the future of NRA. It appeared, judging by the statements of industrial leaders, that American business did not want a return to the free competition contemplated by the anti-trust acts, nor an enforced codification including small business concerns, such as pants pressers and filling stations. It demanded for large business enterprises the right to make codes of "fair competition" for themselves, with a bare minimum of government supervision and no interference with labor conditions. So the configuration of interests for the coming contest in Congress is: Large corporate enterprises embracing more than half the industrial wealth of the country, small competitive concerns, organized labor calling for higher wages and farmers demanding lower prices for manufactures. Evidently many combinations of these interests are possible as a matter of practical politics.

In the special field of railway management events pointed to another big legislative battle in Congress. President Roosevelt held more than one conference with Joseph B. Eastman, Railway Coordinator, without giving to the press any specifications. Some things, however, could be read between the lines. During the late Summer and Autumn it was evident from financial reports that even Class I railways were in a serious state as a result of declines in operating income, entirely apart from burdens to be imposed under the new Pension Law. It was also known that Mr. Eastman, a profound and independent student of railway history and methods, was convinced that government ownership is the inevitable outcome of long-time and present tendencies. But he had repeatedly said that the time was not ripe for this dénouement. Is the time approaching? How much longer can the railways stagger along under present operating conditions? That issue is taking form for Congressional consideration in the next session.

In the contests of local parties, factions and personalities, which are ultimately brought more or less to a focus in Washington, the trends of public opinion were by no means certain, as revealed by primaries and conventions. But there was little in the

partisan scene to encourage the Republicans in the belief that the Roosevelt administration had accumulated the requisite number of errors to facilitate an immediate overthrow. The results of the Maine election early in September were far from promising to them. They had definitely made the New Deal the issue in that State. On that issue they lost the campaign for the Governorship, won back one Congressional district, and lost two others. Senator Frederick Hale, whose majority was 82,000 six years ago, carried the day in September by a margin of less than 2,000 votes—a margin so small and dubious that his seat will be contested when the Senate opens. On hearing the Maine returns, the chairman of the Republican National Committee remarked: "The vote in Maine shows the necessity of an intensification of Republican efforts."

In New York, as well as in Maine, the outlook for the Republicans was far from cheering. The conservative wing was easily victorious in a fight on the "progressives," led by the State chairman, W. Kingsland Macy, who sought, he said, to free the party from public utility dominance. But it did not venture to nominate James W. Wadsworth for Governor in the hope of "grooming" him for the Presidency in 1936. On the contrary, it selected as the party candidate Robert Moses, long a "liberal" associate of Alfred E. Smith and a man of dubious party affiliations. The nomination was greeted in the convention with the customary organized applause and manufactured music, but a delegate who spoke enthusiastically about marching to victory in November was greeted by a stony glare on the part of his colleagues.

The platform adopted by the New York Republicans is in itself one of the most interesting documents in the history of political thought in the United States. It represents a significant movement in economic ideas, as any one can discover by comparing it with the corresponding pronouncement made by the State convention of 1910. It indicates the lines of battle along which contests are to rage in the coming months and years. Despite the protests of Chairman Macy it declares war on the New Deal—on the emasculation of the anti-trust laws "which fosters monopoly," on regimentation, planned economy, bureaucracy, dictatorship, "radical, demagogic, and extravagant promises to every group and element in the country, except the thrifty"; a debased currency, and the free silver fallacy. Then it calls for "a return to the self-balancing, competitive system of political economy, which preserves initiative and rewards enterprise, industry and thrift of the individual citizen." But, the platform continues, "our people * * * must have the help of government in this emergency."

The bulk of the platform is concerned with this "help" which the government is to render in the self-balancing system of individual freedom. Government must protect the right of laborers to organize, bargain collectively and be represented by men of their own choosing. The heavy industries are to be set in motion. Public works are to be employed in stimulating industry. The destitute are to be relieved by public works and grants of money. The American farmer is to be helped in developing cooperative associations "through which he may control production and quality and assure fair prices." Taxes are to be based on ability to pay, but not deliberately used to destroy working capital. There is to be a system of employment reserves, "set up by industry or otherwise." The old-age

pension and relief system is to be sustained and liberalized. Government is to plan for the construction of low-rent houses and "the elimination of slums." There are to be "more aggressive measures to protect the New York milk shed," an appropriation of $1,500,000 for the distribution of free milk, "assistance by the State to develop the poultry industry," Federal and State legislation permitting farmers to act "collectively in marketing their products." Support is pledged for "the State power development and to create hydroelectric power at low price for the citizens and industries of our State." Public utilities and their "alleged political influences" are to be investigated. The holders of defaulted real estate mortgages are to have relief measures. Relief for Western and New York farmers is to be equalized. And so forth. All this is to be done while returning to "the self-balancing competitive system of political economy."

On the Pacific Coast the old adage about political bedfellows received confirmation anew. After winning the Democratic nomination for Governor, Upton Sinclair announced that if elected he would pardon Tom Mooney and then made a pilgrimage to Hyde Park to see President Roosevelt. It was described officially as a mere friendly, man-to-man talk, without political implications, but Mr. Sinclair emerged from the conference with glowing eulogies for his host. The subjects of the discussion were not revealed and yet Mr. Sinclair stated to reporters that there was no inconsistency between the New Deal and his EPIC (End Poverty in California) plan. Later, at the Democratic convention in California, his plan was endorsed after it had been whittled down, and a party love-feast was held in which both Senator William G. McAdoo and George Creel participated.

While these events were taking place ex-President Hoover began issuing his series in the *Saturday Evening Post,* as if staging his reappearance in the national scene. He denounced the New Deal, bureaucracy and regimentation, and came out squarely for individualism, liberty and the Constitution. This added to the spice of the campaign, if not to the clarification of issues. Yet Mr. Hoover's Republican neighbors in California, in convention assembled, carefully avoided condemning the New Deal and making it the issue of the State campaign. With Hiram Johnson as their candidate for the Senate, no other course seemed open to them.

Elsewhere primaries and conventions gave no comfort to critics engaged in scanning the heavens for normalcy. In Massachusetts Mayor James Curley overwhelmed the conservative wing of the Democratic party, led by Senator Walsh, and won the nomination for Governor. Although Governor Ritchie was renominated in Maryland, he endorsed the New Deal, which he had formerly denounced. The victory of Theodore Bilbo in the contest for the United States Senatorial nomination in Mississippi means a re-enforcement of Senator Huey Long's system of political economy. While "old-style" Democrats were selected for the office of Governor in Georgia and Colorado, primary returns in the Middle West indicated a swing to the left rather than the right. There can be no doubt that agrarians are far from satisfied with the New Deal, but this offers no consolation to the spiritual heirs of Marcus A. Hanna. Rather does it betoken inflation of some kind when Congress meets in January, unless President Roosevelt can prevent or sidetrack it again.

In view of the naval conference scheduled for next year and the sharp tension in Europe and the Far East, the chief episode of the early Autumn was the munitions investigation conducted by the Senate committee under the chairmanship of Senator Gerald P. Nye. (See article on page 200 of this magazine.) To students even slightly acquainted with the history of the munitions industry since the invention of gunpowder, nothing new in the way of tactics and practice was revealed, but many additional illustrations of sinister enterprises were presented to the gaping public.

Judging by the temper of the press, which seemed to be surprised by the revelations, there is likely to be a strong demand for "government ownership of munitions industries" — a solution which is no solution, not even an approach to a solution. Only here and there did editorial comment recognize the fundamental fact that the beginning of wisdom in munitions affairs is a definition and clarification of foreign policy, to which military policy, if it is not the senseless pursuit of unattainable ambitions, must be subordinate. And this definition and clarification of foreign policy in connection with national defense is immediately imperative, unless the people of the United States are to be lashed into the next war in Europe or the Far East by powerful domestic interests. But the outlook for this major intellectual operation is not promising. It is probable that the Nye investigation will turn out to be another nine days' scandal and horror, followed by business as usual. Here, as elsewhere, things seem to turn on the perennial question, Is normalcy just around the corner?

Although not associated in the popular mind with the munitions industry, the Federal inquiry into the destruction of the steamship Morro Castle by fire at sea off the coast near Atlantic City, in September, with frightful loss of life, had a direct bearing on the issues before the Nye committee. The American merchant marine is a part of the American fighting marine. Federal subsidies to this branch of enterprise are justified not only on economic grounds but also on the patriotic theory that the merchant marine is an arm of the Navy Department for purposes of defense. The construction and operation of merchant vessels is a part of the munitions industry and the efficiency of the merchant marine is a vital part of the naval potential. Yet the investigation of the Morro Castle affair revealed laxity in construction, sacrifice of safety to the interests of ease and luxury, mismanagement and muddleheadedness on the part of officers, distressing violations of the codes of seamanship and unrest and incompetence among the lower ranges of the ship's personnel.

If the American munitions industries are to serve the cause of national defense, as distinguished from the international distribution of profits, and if the merchant marine is to serve the cause of national defense, then it would appear that Congress will have some large problems of policy to consider when bills growing out of the Morro Castle inquiry appear at the next session. That active sponsor of greater safety at sea, Senator Robert Wagner, will doubtless press his measures upon Congress again as in the past. If experience with such repeated "horrors" is any guide, the prospects for achievement are not very promising.

A Canadian-American Trade Pact?

By J. BARTLET BREBNER
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THE Canadian Chamber of Commerce in convention at Winnipeg on Sept. 12 adopted a platform urging the earliest possible negotiation of a Canadian-American trade agreement. The president of the Chamber of Commerce of the United States on Sept. 27 urged the same step in a letter to Secretary of State Hull. American State Department officials, however, could not predict when such negotiations would be begun.

Many persons have wondered why there is this delay, why Canada has not been mentioned in connection with the bilateral treaties authorized by Congress in June. It is generally believed that the Canadian Minister in Washington has been ready to negotiate since early in the Summer of 1933. Yet no statement on the subject has been obtainable from the President or the administration. There seems to be good reason for believing that the delay is calculated rather than accidental.

A trade treaty with Canada would be highly important to the United States, which has larger interests in Canada than in any Latin-American State. It has been argued that the Ottawa agreements of August, 1932, have created obstacles. This view is shared even by those who admit that Canada's share in them was in large degree her response to the crippling American tariffs of June, 1932. Yet Canada has made trade agreements since Ottawa. Canada has indicated to Washington that the Ottawa agreements leave room for concessions and that in any event some of them expire in 1935.

A much more forceful explanation of why no treaty has been concluded is that the Canadian and American economies are competitive in highly important products: grain, cattle, dairy products, fish, lumber, shingles and non-ferrous metals. Yet nickel, much needed in the United States, is a Canadian monopoly, and Canadian wood pulp and paper compete with the Northern European. Canada uses American hard coal, iron and cotton and imports several other raw materials through the United States. There seem to be sufficient advantageous, non-competitive exports and imports to afford scope for agreement, even if neither country is prepared to sacrifice any of its protected domestic producers.

A third argument has been that the Canadian Liberal party is the low-tariff party in Canada and that not until 1935 can it crown its triumphant sweep of the Provincial elections by dislodging the Conservatives at Ottawa.* The present Conservative government, however, has not by any means frowned on an American trade pact and Premier Bennett risked the displeasure of the industrial contributors to his party chest by showing his willingness to bargain with Washing-

*The statement in October *Current History* that the term of the Federal Government expired "next month" was a typographical error for "next year."

ton. Nor is there any real guarantee that the Liberals will be less difficult bargainers. During the election of the last eighteen months they have avoided definite commitment to lower tariffs. A quite perceptible transfer of allegiance from Conservatives to Liberals has taken place among protectionists who feel it imperative to back the winning party.

An argument rarely mentioned may well count heavily. Trade statistics since March, 1933, show that the United States might not profit by a Canadian trade treaty. In spite of the Ottawa agreements, Canada's trade with the United States has quite definitely been growing faster than her trade with Great Britain, but with an increasing adverse balance. This process has been accelerated by the depreciation of the American dollar in terms of the Canadian. The premium, which has been as high as 4 per cent, was well over 2 per cent at the beginning of October.

If exports and imports are examined separately the trend is clear. Canadian exports to the United States during the first eight months of 1934 were 40 per cent above those for the corresponding period in 1933, but have abruptly declined since March, and in July and August, 1934, they were less than in July and August, 1933. During the same eight months of 1934 Canadian imports from the United States were 50 per cent greater than those of the 1933 period, and although July and August, 1934, showed a decline from earlier months, they still exceeded July and August, 1933, by 21 per cent. Canada may find comfort in Secretary Hull's assurances that the United States realizes her creditor position and does not demand trade equality in bilateral agreements, but the average Canadian 1934 adverse trade balance of $7,800,000 a month can be reduced only by a treaty for which quite obviously American interests are not enthusiastic.

FUGITIVE CAPITAL IN CANADA

That the Canadian dollar should command a premium over the American has perplexed observers who know that the Canadian economy and national treasury are relatively no better off. The behavior of sterling is not the reason for this, for in general the Canadian dollar has moved with the American. The immense Canadian obligations for loans and interest in New York which kept the Canadian dollar at a discount until the Autumn of 1933 have not been substantially reduced. The Canadian gold reserve is over 25 per cent, but gold export is only by license and the gold value of the Canadian dollar has been about 60 cents.

Expanded American operations in Canadian security markets have probably contributed to the situation. The number of Toronto Stock Exchange tickers in the United States has largely increased, presumably because of the extraordinary Canadian mining boom which has accompanied the rise in the price of gold. American interest in other Canadian securities has also grown. Still more important has been the creation in Canada of an exchange to operate a free silver market in Canada since the closing of the American market. Toronto and Montreal each planned an exchange of this sort, but at the end of September silver experts from the former New York Exchange induced them to merge. The exchange is in Montreal, but includes members of the Toronto Stock Exchange.

Close observers believe that there has been a very substantial flight of capital from the United States to Canada, probably because of the

great stability of Canadian banks, the higher interest rates prevalent in Canada and the feeling that the Canadian Government was not inclined to "monkey with the currency." The extent of the flight is hard to estimate, but the Dominion Income Tax Bureau has explicit information, and this may in part explain the 5 per cent Dominion tax on the interest paid to non-resident investors in Canadian securities. Canadian brokers' stories of large American purchases of Canadian bonds find corroboration in the transactions in Canadian bonds listed on the New York securities markets. The situation is not entirely a reassuring one in the light of what sudden movements of "frightened money" have done to other substantial financial structures.

THE LITTLE GENERAL ELECTION

The five Dominion by-elections in Ontario on Sept. 24 were regarded by both parties as a trial of their national strength. The Prime Minister was absent at Geneva, but his Minister of Trade and Commerce, H. H. Stevens, stumped the constituencies, making speeches about his investigation of Canadian business practices and declaring that the failure of Canadian business to reform itself made necessary regulative legislation.

The government's principal opponent on the hustings was the Liberal leader of the Opposition, W. L. Mackenzie King. His claim was that the Conservatives had lost the respect of Canada and the world, that the Provincial elections of the past eighteen months demonstrated this unmistakably and that the government ought to go to the country at once instead of clinging to office until its term expired next year. Mitchell Hepburn, the Liberal Premier of Ontario, announced that Mr. King had told him that if the Liberals won the by-elections he would refuse to go into supply in the Dominion House of Commons and thus force a general election. Mr. King refused to take seriously Mr. Stevens's defection from the ordinary Conservative attitude toward big business and indicated that when he came into power he would undertake a really comprehensive investigation.

The Liberals captured four of the five seats, including one which had always been Conservative. The lone Conservative success was achieved in Toronto East, where the unorthodox T. L. (Tommy) Church successfully exercised the arts which had so many times won him the Mayoral chair in that city. It was small comfort to the Conservative party, but its leaders, in Mr. Bennett's absence, refused to concede a general election. It was generally held in Ottawa that Mr. Bennett would use his old majority to remain in office until 1935, hoping that economic improvement would continue and that the Provincial Liberal governments would become embarrassed by their responsibilities.

CANADA'S CONSTITUTION

Sir George Perley, the acting Prime Minister, on Sept. 13 made public Mr. Bennett's letter urging a Dominion-Provincial Conference in Ottawa before the end of the year. The suggested agenda of the conference revealed how far depression had carried Canada toward considering revision of its Federal Constitution. Four of the six specific proposals would involve alteration in the present distribution of Federal and Provincial powers. Mr. Bennett asked for information and opinion on allocation of fields of taxation, on social legislation, on duplicated governmental services, on duplicated research, on uniformity and coordination of statistics,

and on the method of amending the Constitution. Prospects of achievement were uncertain, but there could hardly be a more notable coping-stone for Mr. Bennett's public career than the long overdue solution of these problems.

THE ECONOMIC SCENE

According to basic indices, Canada's economic recovery continues, but at a reduced pace. Particularly welcome was improvement in the construction industry, probably a reflection of the new program of public works. Thus far in 1934, also, the Dominion revenues exceed those of 1933 by an average of $4,000,000 a month. During the first eight months the index of the physical volume of business averaged 93.6, as against 75.7 in 1933. Foreign trade spurted in August, chiefly because of increased exports of wheat. Compared with 1933, exports increased 23.5 per cent and imports 12.3 per cent. Since June, 1932, the balance of trade has been favorable in all except five months, and during the twelve months ended Aug. 31 it totaled $144,000,000.

The wheat situation did not improve as expected during September. Although prices did not fall as in the United States, neither did they rise. August exports, 60 per cent in volume and 100 per cent in value above 1933, were encouraging, but the Winnipeg market was hampered by speculators. J. I. McFarland, the Dominion market agent, announced that he would suggest to the government another investigation, because he felt that contracts for future sales involving Argentinian and other foreign grain were being used by British, American, Argentinian and Canadian speculators to hamper a natural rise in the Canadian price.

Mexico Reports Progress

By Charles W. Hackett

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An impression of Mexican conditions different from that given by Maurice Halperin in his article "Under the Lid in Mexico," on pages 166-171 of this magazine, is produced by the records of recent happenings in that country, including the annual Presidential message which President Abelardo Rodríguez read at the opening of the Thirty-seventh Mexican Congress on Sept. 1.

President Rodríguez in that message hailed Mexico's nationalization of credit as both important and successful, in spite of the withdrawal from the country of three large foreign banks during the last three years. He declared that the policy was adopted "not in accordance with any limited, outdated spirit, but rather as signifying that national deposits should not be drained from Mexico and invested abroad, with the inevitable result of increasing interest rates within the republic." The President boasted of his government's success in maintaining a steady relationship between the Mexican peso and the United States dollar since last November, and referred to the stabil-

ity of the peso as "an outstanding factor of our economy." He further took occasion to accuse the International Committee of Bankers on Mexico, headed by Thomas W. Lamont of New York, of retaining Mexican funds "in an unjust and illegal manner." The reference was apparently to funds turned over by Mexico to the International Committee of Bankers on Mexico that have been tied up in New York by litigation.

In the social field President Rodríguez pointed to the establishment of 1,000 rural schools "to provide teaching for children living at points that were hitherto inaccessible"; to the special attention that had been given to education among the Indians, both for children and adults, and to Mexico City's great school "revolution," which would, in the near future, afford increased educational facilities for both day and night classes. He reported that the laws regarding the Catholic cults had been strictly enforced, the government, "as the constitutional owner of all church property," having expropriated forty edifices and converted them into secular schools or other public institutions.

President Rodríguez called special attention to the "social contribution" of the War Department and referred to the Mexican Army as "the best guarantee of the interests of the revolution and a most faithful guardian of society." In passing, it might be noted that in recent years the Mexican Army has been reduced from 150,000 effectives to 50,000.

In the field of international affairs the Mexican Executive declared that relations with all nations, and particularly with those of Latin America, had been increasingly friendly. Mexico had participated, even though modestly, with "frankness and loyalty * * * in all efforts toward international conciliation and harmony." The disappearance of the Platt Amendment, which was attributed largely to the Montevideo conference, "in which Mexico strove for better Latin-American relations," was declared by President Rodríguez to have "done much for this continent."

A proposed amendment of Article III of the Mexican Constitution, designed to make socialistic education compulsory in all schools and universities, is one of the most important pieces of legislation with which the present Mexican Congress is to deal. This reform is one of the principal points in the Six Year Plan of the dominant National Revolutionary party. According to the tentative draft, its purpose is to provide "education that will be socialistic in its orientations and tendencies, and aimed at bringing about the disappearance of religious prejudices and dogmatism, and creating a belief in true human solidarity on the basis of a progressive specialization of the means of economic production." It is further proposed to teach that the "ultimate aim of the revolution is to overthrow capitalism," and to attempt to create in children "love for the exploited masses and repulsion for those who exploit them," while tearing away, at the same time, "youth from the hands of the Catholic and other clergy, and analyzing religions for them in the light of reason and science." The proposed amendment is said to have the approval of former President Calles, who recently declared that the time has arrived "for the revolution to capture the consciences of our youth." It has already been endorsed by President-elect Lázaro Cárdenas.

On Sept. 9 some 30,000 Catholics demonstrated en masse in Mexico City against the government's church policy, which had resulted in the na-

tionalization of church property valued at 4,000,000 pesos ($1,114,400) during the preceding three months. Several scores of the demonstrators were injured when the police attempted to stop the procession with tear-gas bombs and clubs, but the marchers finally reached their destination—the Presidential Palace—where they stood in silence for a half-hour or more, facing the palace, which was ringed with soldiers, before departing in small groups.

The protection of women in industry and child labor to a degree equaled in few other countries is the purpose of a recent emergency decree of President Rodríguez that became operative pending a general revision of the existing Mexican Federal Labor Code by the present Congress. Among the noteworthy clauses is one that prohibits the employment of women for "heavy labor" during the three months immediately preceding the birth of a child. The employment of children under 16 years of age is prohibited in certain industries and is extended in publishing houses to women under 21. Women and minors under 16 are not to be permitted to engage in subterranean or submarine labor or in places where intoxicating beverages are sold for immediate consumption.

CONTINUED UNREST IN CUBA

There was no let-up during September in the student rioting, labor disturbances and sympathetic strikes that have kept Cuba in a state of turmoil for many months past. The disorders during the first half of the month were due mainly to the killing of two former students, Rodolfo Rodríguez and Ivo Fernández, on Aug. 31. Charged with terrorism, they were being transferred by soldiers from the central police station in Havana to Principe Fortress when they were shot down. Next day the enraged students of the University of Havana staged a series of riots on University Hill. They cut trolley wires, blocked traffic and engaged in a fight with the police without casualties.

The following day the Mendieta government, which had long been harassed by bombs, revolutionary plots and strikes, was faced with the threat of another twenty-four hour strike by five government departments, the schools, and possibly the bus drivers and street-car men, all in protest against the killing of the two former students. Martial law was declared in Havana on Sept. 3, after a day of rioting by student and labor groups.

The climax of the student demonstrations against the government was reached on Sept. 4, when university students burned Colonel Fulgencio Batista, Chief of Staff of the Cuban Army, in effigy. It was one year before, on Sept. 4, that Top Sergeant Fulgencio Batista headed a small group of army sergeants, then called "mutineers," who took over the control of the Cuban Army. Elevated subsequently to the rank of colonel, Batista has succeeded, as Chief of Staff, in keeping his grasp on the army. To honor the first anniversary of the *coup d'état* of the sergeants, the Cuban Cabinet had previously proclaimed Sept. 4 as "the day of the constitutional soldier and sailor" and had ordered that date placed among the island's national holidays. For the first anniversary celebration a special flag had been designed and a special song, "The Fourth of September Hymn," had been written. It was while army musicians were playing this hymn in Havana's streets that the counter-demonstration of the students took place.

In a mock trial Batista was convicted of killing the two former stu-

dents, Rodríguez and Fernández, and the dummy was labeled "Batista, assassin." The sentence of burning to death was then passed, the execution pyre was ignited, and the head of the Cuban Army was burned in effigy.

Wholesale bombing, which was believed to be the work of students, broke out in Havana on Sept. 18, no fewer than thirty-five bombs exploding in various parts of the city. In a proclamation issued that day the students announced that they would combat the government with all the means at their command. Among their demands were the subjection of the military power to the civil authority; the immediate punishment of the soldiers who were guilty of the murder of Fernández and Rodríguez; the restoration of the death penalty and the withdrawal of all troops from educational institutions.

Labor troubles added to the disorders. In protest against the killing of the two students, employes of the Department of Labor, where one of them had been employed, threatened on Sept. 1 to call a seventy-two hour strike, and attempts were made to call out employes of the Treasury and Public Works Departments. When the 256 leaders of a recent strike against the American-owned Cuban Telephone Company (see CURRENT HISTORY for October, page 88) tried to resume their jobs by force on Sept. 3—after the government had delayed their reemployment, in accordance with its own order, because of the militant opposition of the other employes of the company—a gun battle ensued between them and police. A police lieutenant and two laborers were wounded. As the rioting became more general their successors at the telephone company, who had sworn to resist any attempt by the government to reinstate the strike leaders, joined in the firing. The same day employes of the Departments of Health, Education, Public Works, Agriculture and Labor, and those of the municipality of Havana, walked out in protest against the killing of the two students on Aug. 31.

In support of the strikers of the Cuban Telephone Company, who had not been reinstated in accordance with a government order, a fifteen-minute strike was held on the morning of Sept. 13 by 20,000 employes of the street railways, railroads and electric, gas and water plants in Havana. A manifesto issued jointly by the unions involved declared that their members were disposed to continue the protest strike, each one to be of longer duration, until the government solved the labor problem of the Cuban Telephone Company.

The Cuban Revolutionary party, headed by former President Ramon Grau San Martín, issued a manifesto on Sept. 11 in which it threatened to take action to "restore civil authority" unless the government did so, and to ignore any call for elections until its demands should be met. The manifesto asserted that the most important development since the revolt of the enlisted men a year ago had been a "tremendous growth in military influence." It further demanded that the military guard under whose escort the two students were killed on Aug. 31 should be tried immediately, and announced that the lack of confidence of the public in a full and free franchise in the elections scheduled for Dec. 30 was to be attributed to "the limitation of sovereignty by the military power."

MACHADO REMAINS FREE

Cosme de la Torriente, the Cuban Secretary of State, announced on Sept. 11 that the government of the

Dominican Republic had refused to surrender former President Gerardo Machado in response to Cuba's request. The formal note of refusal was made public on Sept. 24. Extradition was denied on the ground that the crimes charged to General Machado were regarded by the Dominican government as political and thus outside the scope of the extradition treaty now in force between the two countries.

RECIPROCAL TRADE TREATIES

The United States Department of State is continuing its efforts to promote trade with Latin-American countries by means of reciprocal commercial treaties, a policy that was auspiciously begun with Cuba in August. On Aug. 31 the department released information concerning trade agreement negotiations with the Republic of Haiti, and on Sept. 7 published similar information about negotiations with Costa Rica, Nicaragua, Guatemala, Honduras and El Salvador.

The prospective farm benefits to be realized in the United States from the reciprocal treaty negotiated with Cuba on Aug. 27 were stressed by Secretary of Agriculture Wallace on Sept. 5. "Close to a million acres of American farmland," he declared, "will be needed to produce the increased agricultural exports to Cuba if the new trade agreement between Cuba and the United States works out as expected."

COSTA RICAN LABOR TROUBLES

Despite the formal settlement of the strike of banana workers in Costa Rica late in August, labor troubles continued on the east coast during September. Following a threat by Communist Deputy Mora to burn all United Fruit Company properties, a number of bridges on a branch railroad nineteen miles from Puerto Limón, the country's chief banana port, were destroyed on Sept. 7. By Sept. 11 the strike had degenerated into a campaign of banditry and vandalism against the United Fruit Company.

A special session of the Costa Rican Congress was called for Sept. 18 to consider a new contract with the United Fruit Company. Meanwhile, many banana workers had petitioned the company to resume banana cutting.

During a roundup of Communists in the banana fields on Sept. 17, Jaime Cerdas, a Communist leader, was shot by police and later held in a hospital in San José, the capital. The same day it was reported that the government was preparing a case against Deputy Mora, one of the two Communist members of the Costa Rican Congress.

IMPROVEMENT IN PANAMA

In a message to the National Assembly of Panama on Sept. 16 President Harmodio Arias reported favorably on conditions in that country. Two years ago, he said, the government was "ruined and burdened with heavy obligations, but since then it has balanced its budget, has canceled an appreciable portion of its internal debt, and has initiated modest public works projects."

GUATEMALA CRUSHES PLOT

The discovery of a plot to assassinate President Jorge Ubico and other high government officials of Guatemala was followed by the execution of twelve of the conspirators in Guatemala City on Sept. 20. The men put to death were Efrain Aguilar Fuentes, the collector of real-estate taxes, who had enjoyed President Ubico's confidence; four army officers, a lawyer,

two students and four other civilians. In addition to the executions a 16-year-old girl was sentenced to fifteen years' imprisonment. One man in whose possession bombs were found was slain by police while attempting to escape. Two others, Carlos Pacheco Marroquín, a leader in Ubico's party, and Bernardo Alvarado, Master of the Masonic lodge and Rector of the University of Guatemala, were being sought by the police for complicity in the plot. Guatemala was reported quiet following the executions.

NICARAGUAN BANDITRY SUBSIDES

Thanks to the generous offer of amnesty by the Nicaraguan government to bandits of all descriptions, that country may soon enjoy greater peace than it has known for many years. On Aug. 31 Francisco Raudales, one of the last of Sandino's chieftains, surrendered to the National Guard at Ocotal. He turned in a large quantity of arms and ammunition and his request to be allowed to become a farmer was granted. At the same time General Somosa, Chief of the National Guard, announced that other chieftains of small bandit groups had requested amnesty and had promised to surrender their arms.

POLITICS IN EL SALVADOR

President Maximiliano Martínez of El Salvador resigned on Aug. 29 in order that he might support the candidacy of General Menendez in the coming Presidential elections. The latter, who had been designated by the Salvadorean Congress to serve as Acting President, immediately appointed Martínez Minister of War. He took this step with the intention of resigning as soon as the elections were over and clearing the way for Martínez to resume the Presidency and complete his term of office.

Peace Eludes the Chaco

By HENRY GRATTAN DOYLE

Dean of Columbia College, George Washington University

REFERRING to the approaching visit of Cardinal Eugenio Pacelli, Papal Secretary of State, to the thirty-second Eucharistic Congress in Buenos Aires, John W. White, Buenos Aires correspondent of *The New York Times*, in a dispatch on Sept. 14, pointed out that this was the first time that the Pope had sent his Foreign Minister to a Eucharistic Congress. Should all the weight of Cardinal Pacelli's influence be thrown behind the efforts of the American States and the League of Nations to bring about peace between Paraguay and Bolivia, Mr. White believed, the belligerents might be willing to accept a truce, for it would be much easier to trust an impartial mediator than a neighbor who would necessarily be swayed somewhat by partisanship.

Whether or not Mr. White is correct, the prospects of peace seemed remote at this writing. Peace efforts again appeared to be in abeyance for the moment in Geneva after further failures on the part of American States. Writing in *La Prensa* of New

York, Dr. Enrique Bordenave, Paraguayan Minister to the United States, gave his country's point of view: "Paraguay is sacrificing her youth in the Chaco because she sees no worthy means of reaching an honorable and just peace. The arbitration formulas that Bolivia has proposed are nothing but formulas for despoilment in advance. * * * That is to say, Bolivia wants the cession of part of the littoral of the Paraguay River and of the Chaco Territory, and will submit only the remaining questions to an arbitral tribunal."

In a similar communication to the same journal, Dr. Enrique Finot, the Bolivian Minister, wrote as follows: "Paraguay now wishes peace, but at the expense of Bolivia. * * * She speaks of 'unconditional acceptance of peace propositions,' of 'unlimited arbitration,' of 'cessation of hostilities' and of 'guarantees of peace,' but only to hide her true intentions. * * * The Paraguayan delegate to the League of Nations has just said that Paraguay does not accept arbitration 'either as to the Hayes Zone or as to the littoral of the [Paraguay] River.' How does this leave 'unlimited' arbitration? * * * A temporary suspension of hostilities for the purpose of negotiating peace does not suit Bolivia, because Paraguay seeks only an indefinite truce which will permit her to remain in the territory under dispute. * * * The 'adequate guarantees' that Paraguay seeks are none other than the abandonment of litigious territory by Bolivia. The precedent of three treaties left unfulfilled on the part of Paraguay is not evidence of her trustworthiness."

These are representative statements of the attitudes of the two disputants. They have not changed fundamentally in half a decade or more. In the meantime Washington, Buenos Aires, Montevideo, Rio de Janeiro, Santiago and Lima in the New World, and Geneva in the Old, have all had a hand at times in the negotiations. No definite impression has yet been made, and—sadly enough—none seems likely.

On Sept. 22, however, the juridical committee of the League of Nations decided that the League could legally deal with the matter under Article XV of the Covenant. This ruling rejected the Paraguayan position that the article could not be applied because the two counties were already at war, while the article refers to "disputes likely to lead to rupture." On Sept. 28 it was announced at Geneva that the League conciliation committee would entrust efforts for a settlement to a sub-committee of Latin-American nations. The United States declined membership on the ground that it was not a member of the League. The executive committee therefore consists of representatives of Argentina, Peru, Chile and Venezuela, with Señor Castillo Nájera of Mexico as chairman.

A further accomplishment at Geneva was the settlement of the quarrel between Paraguay and Chile. On Sept. 18 the Chilean Foreign Office, "having learned with profound satisfaction of the cooperation given by the Paraguayan delegate in Geneva on the occasion of the nomination of Chile for the Council of the League of Nations," communicated with the Paraguayan Foreign Office. As the result of their conversations Rogelio Ibarra was named Paraguayan Minister to Chile and Chile accredited García de la Huerta as Chargé d'Affaires in Asunción.

THE MUNITIONS INQUIRY

Several South American countries were much concerned by the results of the American munitions inquiry (see page 200). While newspaper com-

ments generally made a distinction between the United States Government as an official entity and the Senate committee (or, more important, the witnesses appearing before it), the various charges and claims brought out in the hearings gave rise to popular resentment.

American business men, especially in Argentina, alarmed at the reaction, sought to halt the disclosures, or at least to prevent the publication of reports of "commissions," graft and bribes—unsupported, they said, by credible evidence. In Buenos Aires the board of directors of the American Chamber of Commerce decided to urge the Chamber of Commerce of the United States to use its influence to prevent the repetition of such testimony, and a spokesman declared that "American companies will never again be able to obtain a contract from the Argentine government." Another said that "most of the names given out were taken from gossipy letters from field salesmen attempting to impress their superiors with their close relations with influential men. Until there is supporting evidence the committee has no right to besmirch the names of men in high positions."

Several governments also protested. In the case of Argentina, a formal complaint was lodged by Ambassador Espil on Sept. 8 because of "reflections" made by Senator Bone upon the integrity of Admiral Ismael Galíndez of the Argentine Navy. In reply Secretary of State Cordell Hull on Sept. 21 explained his regret that the testimony had been so interpreted. A letter to the Secretary from the chairman of the Senate committee had made clear that "the placing of such material in the record from foreign agents of American companies does not necessarily imply the substantiation of the statements found in these agents' documents. * * * The committee regrets that the opinions of these agents have been construed as necessarily reflecting the opinion of the committee." Chile and Peru asked for full details of testimony involving their nationals, and Peru sent her naval chief of staff to follow the hearings.

The South American peoples as a whole no doubt feel that in spite of annoyances to individuals and groups the general effect of the hearings has been beneficial. This point of view was expressed in an editorial in *La Prensa* of Buenos Aires which condemned the Argentine protest. "The public character of the hearings," the editorial explained, "has given the Argentines mentioned an opportunity to clear their names, which would not be the case if the hearings were private and the charges made public after they were dead. * * * The fact that the defamation occurred on a site belonging to the legislative branch of the United States Government does not make that government any more responsible than if it had occurred somewhere else. * * * If Argentine officials were libeled, they were libeled by witnesses, not by any one connected with the United States Government."

ARGENTINE TRADE RELATIONS

An unfortunate coincidence, so far as good feeling toward the United States is concerned, was the fact that the arms hearings came at about the same time as difficulties of the Argentine government with the Standard Oil Company and the International Telephone and Telegraph Company. The trouble with Standard Oil arose over alleged irregularities in the operation of the company's wireless station near the Bolivian border, that with the I. T. & T. over monthly sur-

charges for telephone instruments.

In this connection, Sir Henry Getty Chilton, British Ambassador to Argentina, in a speech before the annual meeting of the British Chamber of Commerce in Buenos Aires on Sept. 15, criticized the operation of the British-Argentine trade agreement regarding exchange permits and intimated that sterling exchange was being sold by the government in the free market. The Ambassador declared that the Argentine government had placed no important order in Great Britain for several years, and that "it is clear that the United Kingdom has tied its hands in the interests of Argentina at no light cost."

Evidence that the much-discussed Anglo-Argentine agreement has not pleased Argentina either was afforded by Luis Duhau, Minister of Agriculture, in the Chamber of Deputies on Aug. 21. Señor Duhau showed that Argentina was being displaced in the British meat market by the Dominions and that exports of chilled beef had fallen since the treaty was signed.

An Argentine subsidy for meat exports to markets other than the British, to be paid for out of profits from the purchase and sale of exchange arising from meat exports, was announced as long ago as Aug. 4. An investigation of profits and other phases of the local meat industry was begun, and on Sept. 16 the Attorney General ruled that the Meat Trade Control Law was constitutional, overruling an appeal by American and British packers who had been fined for refusing to open their books to government investigators.

CRISIS IN ECUADOR

President José María Velasco Ibarra on Oct. 3 sent his resignation as President of Ecuador to the Ecuadorean Congress, but two days later the Congress, by a vote of 47 to 31, declined to accept the resignation, and there matters stood at this writing. The President's reason was the failure of legislation in support of his economic and financial program, especially the Rechazo bill stabilizing the currency. Víctor Emilio Estrada, the Minister of the Treasury, after violent disagreement with the legislators and other critics of the administration's financial policy, had already resigned.

The inability of Ecuador's Legislature and Executive to cooperate has caused unsettled political conditions there for more than a year. President Martínez Mera, after a long squabble with Congress, was forced out in October, 1933, by a group of which Velasco Ibarra was a leader. The fundamental difficulty seems to arise from an attempt to impose parliamentary government, with Ministers responsible to the Legislature, upon an Executive endowed with powers similar to those of the President of the United States. Perhaps President Velasco Ibarra's tacit acceptance of this theory led to his readiness to resign when his program was defeated.

When Ecuador became a member of the League of Nations on Sept. 28, Gonzalo Zaldumbide, formerly Minister of Ecuador to the United States and now Minister to Switzerland, expressed approval of Geneva's work in settling the Leticia conflict, and in diplomatic language made it clear that in joining the League Ecuador looked forward to the ultimate settlement of her dispute with Peru over the Oriente region on the Upper Amazon.

The Defeat of Australian Labor

By RALPH THOMPSON

A PRETTY argument might be started over the question of which did more to engage Australian attention —the cricket match with England late in August or the general election on Sept. 15. But no one will deny that Australia won the test match and regained the coveted "Ashes," and that in the nation-wide balloting the electorate turned a deaf ear to the Labor Opposition.

Upon the dissolution of the Federal Parliament on Aug. 7, election campaigning began in earnest, with the major issue the present banking system. The Labor group headed by J. T. Lang, former Premier of New South Wales, called for immediate nationalization of the banks; the Federal Labor party, under the leadership of former Prime Minister J. H. Scullin, advocated a more gradual policy. The United Australian party, however, declared through Prime Minister Lyons that "nationalization" meant simply "politicalization," and urged that the banking system be left alone. In this stand the government had the sympathy of the Country party, although Dr. Earle Page, the Country leader, suggested an expert inquiry into the banking system.

In the Federal election three years ago Labor had been swept out of office on financial issues, and there was little hope that it would succeed this time. Mr. Lyons's position as a defender of orthodox finance, moreover, was reinforced by the very real economic recovery which has coincided with his administration. As for Dr. Page, his call for a banking inquiry was inspired by the fact that the farmers he represents have suffered from falling prices and an increased debt burden. These woes they tend to ascribe to the banks.

All leaders agreed that there should be no restriction of production, but on the question of tariffs they followed party lines. Mr. Lyons and Dr. Page advocated reduction of duties so far as was consistent with the expansion of secondary industries; both saw the need for improving trade within the empire and with foreign countries. Labor, however, asked for more drastic protection and for the banning of those products which could be grown or manufactured within the Commonwealth itself.

Mr. Scullin's proposals included a wheat stabilization plan with a guarantee of 4 shillings a bushel, national insurance and restoration of cuts in wages, pensions and social services. The Lang group asked for a uniform working week as low as 30 hours in some industries. The Country party advocated rural debt relief and a reduction of costs in the wool industry to permit Australia to compete once more with other wool producers. The United Australia party promised a vigorous public works policy to relieve unemployment, unification of railway gauges, a substantial loan for relief of rural debtors, and a continuation of the present subsidies to primary industries.

In short, it was clear that Mr. Lyons and Dr. Page were in essential agree-

ment, even had the experience of the past three years not shown that the Country party had supported the government on important divisions. Labor's case was not so much a specific plan to eradicate insecurity as an appeal for confidence and an offer of militant leadership. Admittedly hopeless bids for support were entered by the Communist party and adherents of the Douglas social credit scheme.

The results of the polling for the seventy-four seats in the House of Representatives (the previous House had seventy-five) occasioned little surprise. Although the government lost its absolute majority, it faced with equanimity the possibility of a coalition with Country forces, since that, if it came, would not necessarily entail a reversal in policy. Labor's gains were substantial, the Lang group adding to its prestige in the Opposition by a show of strength in New South Wales. Some Communist candidates polled several times the number of votes obtained in 1931, but in no case did they obtain enough to win a seat. Douglas credit candidates, standing for the first time in history in a national election, received surprising support in New South Wales and in Victoria, but insufficient for representation. The final results:

HOUSE OF REPRESENTATIVES

	1934	1931
United Australia	35	38
Country	13	16
Federal Labor	18	14
Lang Labor	8	5
Independent	0	2
Total	74	75

The standing of the new Senate had not been announced at this writing.

THE TREND IN BRITAIN

Glimpses of the direction in which Great Britain seems to be moving have been furnished by recent important assemblies and gatherings. During September and early October the Cabinet convened for the first time since Parliament recessed, Aberdeen was host to the British Association for the Advancement of Science, Fascists and anti-Fascists held monster demonstrations in Hyde Park, London, the trades unions met in annual congress at Weymouth and the Labor party assembled for its regular convention at Southport.

The meeting of the Ministers in London on Sept. 25 was necessarily inconclusive, for Mr. MacDonald and others had not yet returned from their vacations. The vexing matter of meat imports, however, was briefly discussed. This question must be settled by March, 1935, when the government subsidy of 1 penny a pound on home-produced beef (which became effective on Sept. 1 by authority of the Cattle Industries Act) will be discontinued. It was still to be decided whether a levy of the same amount on meat bought abroad, with preference for the Dominions, would be generally satisfactory.

A not unrelated matter was discussed, strangely enough, during the meeting of the British Association for the Advancement of Science. Most gatherings of the association are devoted to matters of pure science, but this year great interest was shown in British farming policy. On Sept. 10 Sir Daniel Hall, chief scientific adviser to the Ministry of Agriculture, advocated a plan by which Britain would specialize in fruit, vegetables, meat, milk and all livestock products, and import necessary cereals, sugar and other cheap sources of energy. Professor J. A. S. Watson of Oxford advised "factory farming," with larger units of cultivation, more efficient machinery and increased specialization of labor. These and similar addresses showed how widely the theory

of what some Americans call regimentation had already been accepted in Great Britain and how unlikely is a return to the *laissez faire* farming of earlier days.

The Hyde Park assemblies on Sept. 9 were exciting even if they proved nothing in particular. With a crowd estimated at 150,000 on hand, some 5,000 members of the British Union of Fascists under the leadership of Sir Oswald Mosely and a like number of anti-Fascists carrying Communist and Independent Labor Party banners marched into the park to the music of their bands. Nearly 7,000 metropolitan police awaited them, an autogiro flying overhead to coordinate police movements.

By skillful manoeuvring the rival factions were shielded from each other, speakers from each were given a chance to hold forth at length, and then everybody went home. Altogether but eighteen arrests were made, and although several persons were injured in the crush and Sir Oswald was struck by flying vegetables and fruits, there was no real disorder. It would seem that Great Britain regards her Black Shirts as a form of entertainment rather than a menace.

At the meeting of the trades unions on Sept. 3-7, however, fascism was roundly and scathingly denounced, with dictatorship of any sort, whether from the Left or from the Right, declared anathema. Pacifism was also denounced, and in its place was asserted the right and duty of resisting aggression. The congress resolved against the policy of a general strike in time of war, on the ground that unless the working classes in enemy countries likewise walked out, such a move would be clearly fruitless and might be extremely dangerous. A scheme for socializing the iron and steel industry was adopted, as were resolutions advocating the eventual public ownership of coal mines and the establishment of a control board to reorganize the economic structure of the cotton industry.

How far the Trades Union General Council and the Labor Party Executive had agreed on matters of policy did not become clear until the Labor party met in annual conference during the first week of October. In some quarters it had been felt that the trades unions were more and more shaping British Labor's industrial and political future and that the men in industry rather than extremist politicians would henceforth assume full control of the Labor movement.

The October conference went far to bear out this feeling. Radical elements in the party were badly defeated on every important point. The Left Wing policy for attaining by virtual confiscation the State ownership of industries, land, transportation and banking was passed over for a gradualist policy, one which would be put into effect by conservative methods, and which would provide compensation for the property taken over. Should Labor be returned to power at the next general election, government would be carried on not by decrees but by parliamentary enactments—so long as possible, at any rate—and the House of Lords would be abolished only if it blocked the Commons. Industry would be administered by expert boards appointed by the State, not by the State itself.

Thus the Socialist League headed by Sir Stafford Cripps was forced to bow to the majority will represented by Arthur Henderson, Herbert Morrison and others. As with the trades unions, fascism was unmistakably damned and united action with communism declared impossible. It is

plain, however, that Labor is now committed to a definite and immediate Socialist program and that the success of the party in the next election might greatly alter the structure of British social life.

IRISH TROUBLES

Such great domestic difficulties were added to the score of external troubles which beset the Irish Free State that when Mr. de Valera departed for the League of Nations Assembly early in September he must have been worried. His present attitude toward a united Ireland may only be guessed, but the Ulster Prime Minister spoke without ambiguity at Belfast on Aug. 25. To him a union was not only impossible but unthinkable, and a few days later Ulster's ban against de Valera and his lieutenant, Sean T. O'Kelly, was broadened to include de Valera's political enemies, General O'Duffy and the Blue Shirts.

So far as Great Britain was concerned, the de Valera government remained adamant. Late in July Dublin announced that no Free State delegate would attend the celebration in 1935 of the twenty-fifth anniversary of King George's accession, and from time to time further enormous duties were levied on goods normally imported from across the Irish Sea. Rumors current late in August implied that negotiations for a settlement of the question of the Free State's relation to the British Commonwealth were being quietly carried on, but there was no official statement to this effect.

That it behooved Dublin to do something soon was made clear by the intensity of disturbances in rural districts. The de Valera policy of defying England had led to a drastic reduction of foreign trade—from $543,000,000 in 1929 to $290,000,000 in the fiscal year just ended—and to the highest adverse trade balance in Free State history. Among the chief sufferers because of this were Irish farmers, who claimed that de Valera in closing the British market was robbing them of their principal source of revenue.

The farmers' resentment was shown in disorders in southern and midland counties throughout August and September. Declaring themselves unable to meet the land annuities due the government, the farmers banded together and did their best to prevent the sale of their property for nonpayment of taxes. Sheriffs and other officials were threatened, railways and roads obstructed and destroyed, telephone and telegraph wires torn down. In Cork on Aug. 13 one man was killed and over forty others seriously wounded in an attempt to prevent the sale of seized cattle, and at other times in Tipperary, Waterford, West Meath and Limerick Counties armed bands skulked about the countryside or otherwise tried to harass the authorities.

The Opposition, under the leadership of General O'Duffy, was not slow to take advantage of this rural unrest. The victim of the Cork shooting was buried with honors by Blue Shirts, Blue Shirt leaders often headed the demonstrations made at sheriffs' sales and the Blue Shirt conference in Dublin on Aug. 19 pledged itself not to pay annual land taxes as long as the Anglo-British trade war continued.

This out-and-out defiance of the government brought rumors of the impending arrest of all Blue Shirt leaders and the counter-statement by General O'Duffy that within a year his flag would fly over the government buildings in Dublin. But the Cosgrave element in the United Ireland party was able to temper the ambition

of the Blue Shirt faction; Mr. Cosgrave himself announced that his group would not indorse the move; and on Aug. 30 the offending resolution was formally annulled. At the same time the O'Duffy influence in the United Ireland party had begun to wane. On Aug. 31 Professor James Hogan of the party executive board resigned in protest against O'Duffy's "destructive and hysterical leadership," and on Sept. 18 O'Duffy himself resigned.

This act of the Blue Shirt leader was a major political sensation. What it portended was not immediately clear. The surface facts were simply that O'Duffy's place as president of the party, instead of going to Mr. Cosgrave, remained for the time being vacant, and that E. J. Cronin, general secretary of the party and deputy leader of the Blue Shirts, became head of the League of Youth. On Sept. 27 O'Duffy announced that he, not Cronin, was head of the Blue Shirts, and that he intended to form a Blue Shirt contingent quite distinct from the United Ireland party.

During these exciting weeks Dublin was without newspapers, except for the official Irish Republican Army organ, *The Republic*. Late in July a wage dispute arose between publishers and transport men, and newspaper plants were ordered closed. Thereupon the printers refused to set the managers' announcement regarding the transport men and themselves struck for two weeks' pay because they were not served at the proper time with notice of the lockout. The question of the so-called censorship of copy was settled on Aug. 31 when the compositors agreed to set whatever was given them, but their wage claims were not adjusted until Sept. 20. The transport workers came to terms on Sept. 28, and in a few days Dublin's newspapers were once more in circulation.

The Power of the French Premier

By E. FRANCIS BROWN

A NEW storm is arising on the French political horizon as the result of the proposals that Premier Doumergue has made for changes in the Constitution of the Third Republic. When in a radio address on Sept. 24 he outlined his plans to the French nation, he reawakened the traditional fears of dictatorial rule and stirred anew the passions which distinguish the various shades of Right and Left opinion.

To any one reared in the shadow of the American or British constitutional systems, M. Doumergue's proposals do not seem startling. In general they are designed to strengthen the authority of the central government by giving greater power to the Premier. M. Doumergue contends that the Premier should be able to appeal to the country for support on important issues; in other words, that he should have the right to dissolve Parliament without the consent of the President and the Senate. The President also should have greater authority than at present and a definite constitutional position as well. Moreover, the Cabinet alone ought to propose expenditures and should stand or fall on the fate of its budget in Parliament. Finally, organizations of civil servants should be

curbed in order to prevent their dominating a Ministry as they have done at times in the past.

When these plans were laid before the nation it was expected that a joint assembly of the Chamber and Senate would be called immediately to carry them into effect. But the Premier delayed, thus permitting the opposition to organize. Within a week it was apparent that the Cabinet itself was divided on the merits of the proposals.

For years there has been agitation in France for reform of the Constitution, a Constitution which was never intended as more than a stop-gap until the Royalists could restore some member of the House of Bourbon or Orleans to the vacant throne. But the Royalists failed to bring back the king; only the scaffolding has remained for the constitutional monarchy that has never been erected. Gradually practice and precedent and the "organic laws" of 1875 gave France a fairly workable governmental system, but, as a French political scientist has said, "the Constitution of 1875 is a hang-dog Constitution, a 'Cinderella slipping noiselessly between the parties who despise her.'" Small wonder that periodically there have been cries for reform.

The crisis of last February brought to a head new demands that something be done about the government of France. Above all it was seen that a stop must be put to the constant overthrow of Cabinets which has characterized the Third Republic and which in a critical period tends to paralyze the government. Though the Constitution does provide for dissolution of Parliament, the procedure is cumbersome and has been resorted to but once since the fall of the Second Empire. If, it is alleged, the Deputies could have the threat of re-election hanging over their heads, they would be less ready to upset a Ministry, since the Ministry might dissolve Parliament and appeal to the country, as British Cabinets have done for generations.

Furthermore, the perennial conflict over the budget would seemingly be less prolonged and intense if its preparation were the sole responsibility of the government and not of the Deputies, who, with their eyes on political advantage, are inclined to amend it out of all resemblance to its original form.

Political feeling in France has been too heated to permit a calm consideration of the Doumergue proposals. On the night of the Premier's radio address two persons were killed and four wounded during a political scuffle at Marseilles. Thus it should occasion no surprise that the newspapers of the Left have attacked the proposed changes, calling Gaston Doumergue the enemy of democracy, or that the parties of the Left should raise the cry, "A Fascist move for the suppression of the liberties of Parliament and the people!" Radical-Socialists and Socialists are suspicious of the program for reform, while, according to reports from Paris, even those who support the Premier's plan are skeptical of its value.

So far the proposed constitutional changes have been outlined only in most general terms; what form they will take when presented as bills for Parliamentary action is another question. But this very vagueness has been dangerous, since it has allowed suspicion and dissension to arise. Though in theory France is living under a political truce, the parties are undoubtedly ready at any moment to fly at each other's throats. Nor does the fact that political groupings are known to be armed add anything to the

Frenchman's sense of domestic security. Of late considerable uneasiness has sprung from the knowledge that the Croix de Feu, a veterans' organization, has its own flying corps.

While Premier Doumergue has talked of constitutional reform, dissatisfaction has been rife in France because of his failure to cope effectively with the widespread economic distress. Paul Reynaud, a former Finance Minister, has continued to insist upon the need for devaluation of the franc as one way of salving the nation's wounds. The government, on the other hand, has been equally insistent that there be no devaluation and that the nation's finances be put in order by means of a balanced budget.

When Parliament meets on Nov. 6 its principal task — unless constitutional reform is thrown in its lap— will relate to the budget. Minister of Finance Germain-Martin on Sept. 15 sent the budget for 1935 to the chairman of the finance committee of the Chamber. M. Germain-Martin estimated that his budget would carry a surplus, since revenues were placed at 47,022,000,000 francs and expenditures at 46,986,000,000 francs. This budgetary total — the lowest since 1927—has been made possible, the Minister declared, because of the emergency decree-laws of the Doumergue government. Nevertheless, M. Jacquier, *rapporteur* for the budget bill, told the finance committee on Sept. 25 that the government was overoptimistic about revenue and that there was every reason to believe that the 1935 budget, like its four predecessors, would show a deficit. At the same time he said that the 1934 budget, despite the government's economies, would be out of balance by 3,000,000,000 francs.

While the prospect of a balanced budget was heartening to business men, even more was the government's statement that no new taxes would be levied in connection with the government's expenditures during the fiscal year of 1935. Moreover, additional economies are anticipated by means of refunding operations affecting 10,000,000,000 francs in bonds.

FRENCH ECONOMIC DISTRESS

The general picture of French economic conditions, however, continues to be depressing. Unemployment has reached a high point for the postwar period. Early in September the Minister of Labor reported that 325,723 persons were receiving relief; exactly how many others were without work is unknown, but British observers estimated the total at about 800,000. It should also be recalled that since 1930 the number of foreign workers in France has fallen by 400,000. Unemployment has increased 40 per cent since 1930, at the same time that factory production has fallen about 15 per cent, exports 12 per cent and carloadings 50 per cent.

The unrest that is due to industrial slackness is intensified by the distress among French farmers. Though the legal price of wheat is $2 a bushel, it is being sold on the "black bourse" at about $1.45. The fall in wheat prices in foreign markets at the end of September led to the belief that France was dumping wheat abroad. If so, the French Government was paying farmers an export bounty of nearly 20 francs a bushel, another drain on the French Treasury. Albert Sarraut, Minister of the Interior, has suggested that the government purchase the present wheat surplus, releasing it to the market gradually. Such a policy would aid the farmers, who are at present restless over their inability to dispose of their grain, but it would do nothing to lower the cost of living in the cities.

One of the charges against the Doumergue Ministry is its failure to reduce living costs. Official statistics show that retail prices are higher now than a year ago. There have been minor reductions on a few commodities, but others, including a staple like the potato, are selling for more today than before the February riots. A resolution recently adopted by the National Confederation of War Veterans assailed the high cost of certain public services and pointed out that electricity, gas and telephones are far dearer in France than in other advanced European countries. According to a recently published bulletin on French conditions, the index figure for the cost of living in France is 99, compared with 76 in England and 64 in the United States. The middleman, as usual, bears the brunt of the criticism of high prices, and apparently with reason, since a wide divergence between wholesale and retail prices has been shown.

M. Sarraut has warned Premier Doumergue that public opinion is so irritated by the government's unwillingness or inability to remedy the situation that action must soon be taken to stave off serious trouble. In this connection it is worth noting that the Radical-Socialist federation in the Department of Haute-Garonne resolved at its quarterly meeting: "The country is tired of hearing outworn phrases. It wants some decisive acts."

BELGIUM'S RECOVERY PROGRAM

Belgium, like her neighbor France, is struggling to escape from the depression without discarding all the precepts of orthodox economics. The balancing of the budget—always a most important goal for those who cling to old-time ideas of sound finance—has been one of the thorny problems before the de Broqueville Ministry. Since Belgian taxation is already excessively heavy, new taxes are out of the question; a reduction of governmental expenditures thus appears to be the only way to a balanced budget. With this in view it has been proposed to cut departmental budgets—a proposal which at first threatened to disrupt the Cabinet, since the War Minister declared that he would resign rather than accept a smaller appropriation for national defense. Later, however, he agreed that some reduction was necessary and permissible. But these measures will not alone suffice to wipe out the present 1,500,000,000-franc deficit.

Pay cuts for government officials and employes can be expected, along with reduction in public pensions and reform in the administration of unemployment relief. Voluntary conversion of loans is planned in order to reduce interest charges on the public debt. In the end, of course, the fate of the budget must depend upon a revival of business, for it is the decline in economic activity which accounts for the 40 per cent fall in revenue since 1929.

The government is well aware of this aspect of the immediate situation and is preparing a far-reaching program which it is hoped will stimulate a business revival. Foreign markets must be reopened, and negotiations to this end are under way. Conversations between the French and Belgian Governments have taken place, though an accord is still awaited; and a trade agreement with the United States has been forecast.

Among the many barriers to foreign trade, however, are Belgium's high production costs. To reduce them reform of the tax system may be necessary, at the same time that credit is cheapened along the lines already laid down by the government. (See October CURRENT HISTORY, page 103.)

The wages of labor must be protected, since present scales are too low to create anything like adequate purchasing power, but efforts will be made to lower the cost of transportation and communication. All these steps, it is hoped, will aid Belgian business in the world market.

For the solution of domestic problems the government, armed as it is with practically dictatorial powers, contemplates a large-scale public works program to care for the unemployed. Among business units cooperation will be fostered and unfair competition curbed. Refinancing of private loans is anticipated, public control of stock exchanges will be tightened and savings banks protected and developed. Whether all these measures can be made effective before Parliament meets at the beginning of the year is questionable, but on their success the government is pinning its hopes for the removal of Belgium's difficulties.

A general strike among Belgian coal miners was averted on Sept. 16 by the intervention of the government. The miners voted to walk out after the operators had announced a 5 per cent wage cut, a cut which was rescinded when the government agreed to hand over to the mine owners the proceeds of the tax on imported coal. The total amount thus placed at the disposal of the mine owners was estimated at 31,000,000 francs, 10,000,000 francs more than they would have received from the savings involved in the threatened wage reduction. Naturally the bestowal of so great a subsidy upon the coal industry—a most dangerous precedent—awakened widespread criticism in political circles.

Germany's Embattled Churchmen

By Sidney B. Fay

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The most determined opposition to Reich Bishop Mueller's policy of bringing all German Protestant churches under the control of his unified Nazi German Evangelical Church has not come from North Germany, the original home of German Lutheranism, but from South German Catholic Bavaria and from Wuerttemberg. Possibly the strength of this dogged opposition may be due in part to the moral fiber formed by 400 years of rivalry between the two great branches of Christianity, and in part to the long-existent South German opposition to Prussianism. At any rate, the Bavarian and Wuerttemberg regional Protestant churches, led by their respective Bishops, Dr. Hans Meisser and Dr. Theophil Wurm, and supported by some 90 per cent of their pastors, have steadily refused to recognize Reich Bishop Mueller's authority or to allow themselves to be incorporated into his "illegal" German Evangelical Church.

At the beginning of September Dr. Mueller's Ecclesiastical Ministry issued through his Law Steward, Dr. Jaeger—the real brains and driving force in the Nazi ecclesiastical movement—an order subordinating the regional Protestant churches in Bavaria and Wuerttemberg to the authority of

the Reich Bishop. This placed the State fund, upon which both churches are dependent, in Dr. Jaeger's hands. When he made a surprise visit to Stuttgart in Wuerttemberg to take charge of the funds, he found that Bishop Wurm had deposited 230,000 marks of the Wuerttemberg church funds with the Basle Mission Agency at Stuttgart and with the Protestant Church at Bad Oeynhausen as a special emergency fund in trust for church purposes. As Dr. Jaeger could not get at these funds immediately he used this as a pretext for suspending Bishop Wurm from office, on the ground that he had misappropriated church funds. This was the first time that the Nazis had taken such action against so high a dignitary as a Protestant Bishop, though it is said that because of opposition to the official Nazi church some 800 pastors and other subordinate church officials have been arrested, suspended, transferred or deprived of their incomes during the past eighteen months.

Meanwhile, Dr. Jaeger had issued a decree ordering all church officials to take the oath to Chancellor Hitler before Sept. 21 and to submit to the authority of Reich Bishop Mueller in accordance with the order of the National Church Synod of Aug. 8. But the great majority of the pastors in the two South German churches refused to take the oath; they did not object to the political oath to the Chancellor-Fuehrer, but they did reject as unconstitutional and un-Christian the order for ecclesiastical submission to Dr. Mueller imposed by his "illegal" Synod. Few of the South German Protestant clergy therefore took part in his installation on Sept. 23, and Bishops Meisser and Wurm were conspicuous by their absence.

The determination of the South German Protestants to resist coercive coordination with the Nazi Evangelical Church was further emphasized on Sept. 16 in a remarkable demonstration at Munich. After a sermon in St. Matthews Church by Bishop Meisser, in which he declared that the present struggle was for the truth and the purity of the Protestant faith, a resolution was read on behalf of the Bavarian and Wuerttemberg Churches in defense of the honor of Bishop Wurm.

When the resolution had been read the congregation sang the last two verses of Luther's hymn, *Ein' feste Burg.* They left the church still singing, marched through the streets and assembled before Bishop Meisser's Palace. He appeared on a balcony and thanked the people for their loyalty. He told of his allegiance to Hitler and the Third Reich, pointing out that he included Herr Hitler in his prayers each day. The struggle, he said, was not political, but ecclesiastical, and arose over the question of the spiritual leadership in the church.

The crowd endorsed the Bishop's contention that the struggle was non-political by singing *Deutschland ueber Alles* and the Horst Wessel song, until the arrival of the police and Storm Troopers caused them to disperse. Later part of the group reassembled before the Nazi Brown House, where Luther's hymn was sung once more. Probably for the first time since the Thirty Years' War the stirring rhythm of Martin Luther's battle song, "A Mighty Fortress Is Our God," was heard in the open streets of the largest Catholic city in Germany.

In commenting on these events in an address at Hanover on Sept. 19 Reich Bishop Mueller said: "I watch a situation as long as possible, but when I reach a decision the consequences are fully as severe as the situation

deserves. Whoever is not willing to co-operate in the construction of this church and whoever will not take his place in the Third Reich must be still or retire. If he refuses to do either I will force him to do so. Our final purpose is one State, one people, one Church." When taken with Dr. Jaeger's statements on the same day to the foreign newspaper correspondents, this pronouncement seemed to indicate that the ultimate Nazi ideal is a national church composed of both Protestants and Catholics.

With these unedifying evidences of disunity among the Protestants of Germany, the formal installation of Dr. Mueller as Reich Bishop took place in the Cathedral at Berlin on Sept. 23. Dr. Mueller walked between a double row of black-uniformed Special Guards to the high altar, while the congregation stood at attention with hands raised in the Hitler salute. The church was decorated with swastika banners, black, white and red flags, and the cross banners of the Nazi German Christians. In the square before the cathedral, where loud-speakers had been placed to reach a promised crowd of 60,000 persons, a straggling assembly of hardly 5,000 had gathered.

Negotiations were renewed at the end of September between the German Catholic Bishops and the Hitler government in an effort to reach a further agreement upon the observance of the Concordat concerning Catholic youth and workers' organizations. No conclusion was reached. In view of the assassination of two prominent Catholic laymen in connection with the "June Purge" and the continued interference by Nazis with Catholic Youth activities, the Pope has continued his refusal to ratify the interpretation of the Concordat which was agreed upon in Berlin just before the events of June 30.

PLIGHT OF GERMAN JEWS

The plight of German Jews has not changed materially in recent months. Rudolf Hess, Hitler's deputy as leader of the Nazi party, is said to have issued on Aug. 16 an order admonishing party members to respect the business and occupational legal rights vouchsafed to Jews, but forbidding to Nazis six things: Representation of Jews before the courts against members of the party; pleading for Jews at State offices or privately; writing or signing recommendations or credentials for Jews; acceptance of Jewish contributions for party purposes; social intercourse with Jews in public, and the wearing of party badges during working hours by employes of Jewish concerns.

Admiral Levetzow, Berlin's Chief of Police, issued an order on Sept. 22 forbidding Jewish youth organizations to wear uniforms, undertake marches or field sports, carry banners, occupy joint living places or issue any publications. Physical exercises, walks, excursions and hiking were still permitted, provided they were kept "within small circles and avoided any demonstrative character." Similar orders were issued in various other places throughout Germany.

That there are still people in Germany who are willing to stand up for the Jews was indicated in a report from Hamburg on Sept. 14. Though the Hamburg division of the actors' professional group, a unit of the Nazi Labor Front, had been warned four times that non-Aryan members must be expelled, this was not done. When a special meeting of the Hamburg group was called and a representative of the Labor Front appeared and began to speak, the members loudly

protested, insisting that he leave the hall. Finally, the chairman called in the police and the Jewish members were forcibly removed. When the Labor Front official again tried to obtain the floor and go on with the meeting, the shouting started again and the actors left the hall.

NAZI PARTY FESTIVALS

The meeting of all Nazi leaders and sub-officials for a review of the accomplishments of the year and a statement of plans for the future took place at Nuremberg during the first week in September. In a deluge of congratulatory oratory by himself and a score or more of his lieutenants, the Chancellor declared that he had no intention of dissolving the Storm Troops and Black-Shirt Special Guards. But he reduced the power and prestige of the Storm Troops by merging their motor cycle division with the National Socialist Automobile Corps, which is directly under his own control. As its chief, immediately under his own command, he appointed Adolf Huehnlein, president of the German Automobile Club. The subordination of the Storm Troops was also emphasized by the presence at the Nazi meeting for the first time of a considerable contingent from the Reichswehr. Field manoeuvres of the regular troops, with a sham battle in full equipment, formed part of the program.

Dr. Otto Dietrich, the party's official press chief, enumerated some of the achievements of National Socialism: "It has put an end to the class struggle and unified the workers and all classes. In all, 169 organizations with 7,000,000 members have been disbanded and their place taken by the Labor Front with 29,000,000 members. Strikes and lockouts have become unnecessary. Work has been given to 4,500,000 unemployed workers, and the number of unemployed has sunk to 2,420,000. Twice as many homes have been constructed during the first six months of 1934 as during the first six months of 1933. The total value of building materials produced in Germany rose by 1,000,000,000 marks in 1933 and statistics for the first half of 1934 show another increase of 50 per cent. Through the social welfare organization, 'Strength Through Joy,' 1,500,000 German workers were able to take vacation trips during the period from April to August. Savings deposits increased from 9,090,000,000 marks in January, 1933, to 11,700,000,000 marks in August, 1934."

The third day of the Congress was devoted to acclaiming the National Socialist Labor Service, in which 250,000 German youths are now enrolled. Of this number, 52,000, representing contingents from more than 1,000 labor camps throughout Germany, received a mighty ovation as they marched by, bearing shovels and picks.

At the end of September more than 600,000 peasants from all over Germany, many of them wearing their local traditional peasant costumes, came together on the conical hill known as Bueckeburg, near Hameln, to celebrate the German Harvest Festival and hear addresses by Hitler and others. The Chancellor reviewed the steps by which Germany had grown strong and united under his rule and dwelt on the importance of a healthy peasantry in contrast to urban intellectualism.

CALM SETTLES ON AUSTRIA

The Austrian Government during September continued the work of arresting and bringing to trial persons suspected of participating in the July 25 putsch. The most notable of these

uspects was the police chief, Franz Teissenberger, at whose lodgings preparations for the attack on the Chancellery were made. He fled to Hungary in August, but was extradited, tried in Vienna and condemned to death for high treason. President Miklas, however, commuted the sentence to life imprisonment, on the ground that Teissenberger had not taken part directly with the rebels who entered the Chancellery and the radio station. It was suggested that the real reason for sparing his life was the government's hope to use him as an important witness in the trial of those higher up in the plot. One of these is the former Chief of Police Steinhausl, under whose orders Teissenberger said that he acted. Steinhausl was said to be slated for prefect of police in the rebel Rintelen Cabinet.

Austrian Nazi refugees have been trickling into Yugoslavia, where they are interned in temporary camps. They are said to receive some financial assistance from Germany. In Austria itself the Nazis have been tolerably quiescent since the July putsch, with the exception of the explosion of a bomb on Sept. 16 on the Northern Railway, thirty miles from Vienna, and a harmless parade a couple of days later of young Nazis in "Masonic Nazi dress"—shorts and white stockings. The German Club in Vienna, which was a rendezvous for Nazis, has been closed by the police. A decree of Sept. 15 forbade the carrying of arms by any former members of the Nazi and Socialist parties under pain of a fine of 20,000 schillings or a year in prison.

Considerable irritation has been caused in Austrian Jewish circles by an order of the school authorities separating classes in elementary and secondary schools, where there are too many pupils for combined instruction, into Catholic and non-Catholic groups. Theoretically there is no discrimination against Jews, since they are classed with Protestants and agnostics, but in practice, as the latter two groups are small, the order tends to result in Jewish segregation. The Jews fear that this will be the beginning of a general policy of making privileged "first-class citizens" out of Catholics and treating Jews as second-rate, especially in the universities.

Patriotic monarchist demonstrations in favor of the Habsburgs have become so numerous that the Schuschnigg government on Sept. 20 ordered all Austrian newspapers and magazines to refrain from mentioning a return of the Habsburg monarchy. The conferring of honorary citizenship upon Archduke Otto or any other member of his family was also forbidden—a direct reply to the recent demonstration in the Burgenland, where some thirty towns conferred the honor on Archduke Eugene.

The Committee of the League of Nations, after examining the statement of the Austrian Finance Minister, Dr. Buresch, has made an unexpectedly favorable report. The committee declared that it was impressed by the power of recovery which Austria was showing despite the handicap and heavy costs of the political difficulties with the Socialists in February and the Nazis in July. It noted that the stability of the currency remained unaffected, that the national bank reserves continued to increase, and that an upward trend in savings deposits was evident.

Gold and foreign exchange reserves, adjusted to the new value of the schilling, rose from 257,000,000 schillings at the beginning of 1934 to 286,000,000 at the end of August. During the same eight months savings de-

posits increased from 2,058,000,000 schillings to 2,090,000,000. Service on the State loan was punctually met. Exports for the first half of 1934 totaled 409,000,000 schillings, compared with 339,000,000 for the same period of 1933. Imports also showed an improvement, but the excess of imports over exports during this period fell from 199,000,000 schillings to 157,000,000. Though the budget still shows a deficit, the guarantor States for Austria's League loan agreed, in view of these relatively favorable conditions, to the conversion of the 1923 loan and a ten-year prolongation of the terms of repayment. Thus the budget was reduced by $7,000,000 a year.

Holland's Part in the Crisis

HOLLAND has long been noted for the stability of its financial and economic life. Its intensive agriculture and industry, its money market which ranks with the great exchanges of the world, its commercial and banking services, and its profitably administered colonies have developed a per capita national wealth and individual well-being which is matched by few other countries.

But even Holland has not been exempt from the devastating force of the world-wide depression. Her money market, exports and commerce have suffered seriously from the effects of the general economic stagnation. As a creditor nation, with a colonial population many times larger than that of the mother country, Holland has a position similar in many respects to that of Great Britain. In general she has tended to follow British economic policy.

Long adherents of free-trade principles, the Dutch have been one of the last peoples gradually to abandon them in the face of foreign tariffs, contingents and quotas. Today there is a strong Dutch protectionist movement as one of the means of combating the problem of some 300,000 unemployed in a total population of 8,000,000. The Catholic industrialists of the Southern Netherlands are particularly insistent upon a more "active" tariff policy. "Nederlandsch Fabrikat" is the slogan, which corresponds to "Buy British." Contingent trade agreements have been made with a number of countries, not only for Holland, but also for the Dutch East Indies.

In one respect, however, Holland seems determined not to follow the British lead. She is sticking resolutely to the gold standard and is anxious to cooperate with the other gold-bloc countries in avoiding the dangers of tinkering with the currency. She refuses to be influenced by the specious argument that a devaluation of the monetary standard will stimulate exports, and considers rather the detrimental effects on a country so largely devoted to banking. Notwithstanding the gold movements earlier in the year, the position of the Bank of the Netherlands remains strong. Its gold holdings as reported for Sept. 17 were 867,000,000 guilders (about $590,000,000), compared with 827,000,000 a year earlier. Against this increase in gold, the outstanding note issue is only 887,000,000 guilders; a year ago it was 902,000,000 guilders.

Imports for the first eight months of 1934 amounted to 714,000,000 guilders, compared with 772,000,000 for the same period of 1933. Exports rose

from 474,000,000 for the first eight months of 1933 to 644,000,000 for the same period of 1934. Though the excess of imports was thus diminished by 128,000,000 guilders, this adverse balance of trade was offset by the large invisible income which Holland derives, and has always derived, from her shipping, banking, insurance and foreign investments, and this in spite of some 100,000,000 guilders in German loans which are tied up by standstill agreements and moratoria.

The budget for 1935, submitted to the States General on Sept. 19, showed total expenditures of 724,000,000 guilders, leaving a deficit of 93,000,000. The government intends to eliminate this deficit by economies, as the tax burden is already very heavy. The economies include 10,000,000 guilders on education, 20,000,000 on grants to municipalities, 14,000,000 on the fund for the disabled and aged, and 5,000,000 on defense. Nevertheless, in view of the general naval uncertainty in the world, the government proposed to spend 12,000,000 guilders (about $8,240,000) on new ships for the East Indian navy and 3,000,000 on the navy in Holland.

The index of wholesale prices in Holland, based on 100 as the average for 1913, was 70 for August, compared with 79 in January, 1934, and 73 in August, 1933.

Communist troubles which disturbed Holland in the early Summer flared up again at the opening of Parliament on Sept. 18. Ten automobiles of demonstrators tried to break up the royal parade as Queen Wilhelmina drove to the Parliament building but were fought off by policemen. When the Queen had ended her address three Communist deputies who had shouted insults after her were arrested and jailed as an infuriated crowd tried to seize them. For the first time in the history of Holland members of Parliament, despite their legislative immunity, had been arrested during a session. They were released after being questioned at police headquarters.

Civil Strife in Spain

By William E. Lingelbach

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One of the most serious crises in the history of the Spanish Republic arose on Oct. 1 with the resignation of Premier Ricardo Samper and all his Cabinet. When Alejandro Lerroux formed a new government which contained three members of the Catholic Popular Action party, the left-wing Spanish parties on Oct. 5 called a general strike which led directly to a revolutionary upheaval throughout the republic.

President Zamora, when confronted on Oct. 1 with the difficult task of finding a Prime Minister capable of commanding the support of the parties of the Right in the Cortes, and at the same time of preventing a general strike or uprising by the Socialists and their allies, turned to Alejandro Lerroux as the only possibility. To have asked Gil Robles, the leader of Catholic Action, the majority party in the Cortes, to form a government would, it was feared, call forth a general strike and the paralysis of the na-

tion's economic life. On the other hand, none of the other parties, save the Radicals—a Centre party—led by Alejandro Lerroux, could even remotely command the support of a majority in the Cortes. But when the new Premier found it necessary to take representatives of Catholic Action into his Cabinet the storm broke.

Because of the censorship, accounts of the Spanish revolt were confused and incomplete. On Oct. 8, however, the government appeared to have the situation under control, following sanguinary fighting in various parts of the country. At least 500 people had been killed and more than twice as many wounded. Catalonia, which attempted to secede from the republic, had apparently been overwhelmed by the loyal troops of the Madrid government. Reports issued from the capital indicated that the revolt was failing, in part because the Spanish Army refused to join the opponents of the Lerroux Cabinet.

The resignation of the Samper Cabinet grew out of differences over the Catalan Land Law. In his opening address to the Cortes, the Premier was explaining the stand of the government on the question, when Gil Robles suddenly rose and indignantly denounced the policy as hopelessly "weak and humiliating." Angry and defiant, Premier Samper challenged Robles or any other member of the Cortes to suggest a more effective plan of dealing with the situation. To his surprise, two members of his own Cabinet—José Maria Cid, Minister of Communications, and Filberto Villa Lobos—walked out in disgust. Embarrassed and upset, the Premier secured a recess in order to consult his colleagues. A few hours later the resignation of the Ministry was announced.

The severity of the crisis was due to the questions at issue. These admitted of no solution save through genuine concessions by groups whose interests and aims seemed irreconcilable. The Catalan Land Law involves not only the deep-seated controversy over land ownership and tenure, but is closely linked with the whole problem of Catalan autonomy and States' rights. Closely associated with the autonomy question in Catalonia are the similar demands of the Basques, which became increasingly troublesome and insistent during the Summer. To these difficulties must be added the intense and bitter conflict between the Socialists, Anarcho-Syndicalists and Communists of the Left, and the Conservatives (Catholic Action), Radical Liberals and Monarchists and others of the Right.

Since the elections of November, 1933, the Ministers of the Right Centre had carried on under the shadow of Catholic Action, the largest and most powerful group in the Cortes. Though that party proclaimed its loyalty to the republic, the Left was suspicious, and openly spoke of lip service to the republic on the part of a group that is both clerical and monarchist in its sympathies and outlook on life. At bottom this aspect of the situation may properly be interpreted as a conflict between socialism and capitalism.

In Catalonia this conflict appeared clearly in the support of the Separatist movement by radical and labor groups in the Esquerra party, which controls the government at Barcelona. The Basque Nationalists, on the other hand, are not in sympathy with the Socialists, though they were quite ready to take advantage of the embarrassment of the government to force their own demands for autonomy.

Difficulties with the Basques became acute in July and August be-

cause of Basque resistance to the Madrid government's efforts to collect the income tax. When the Basque municipalities tried to elect commissioners to meet at Zumurraga to confer upon measures in defense of Basque rights, especially the *Concierto Economico,* Madrid did its best to prevent the elections. Matters were in this condition in July, when the Cortes, weary from the strain of overwork, adjourned, after voting plenary powers to Premier Samper and his Cabinet to deal with the Basque autonomists and the disputes over the Catalan Land Law.

Although this law had been declared unconstitutional by the Tribunal of Constitutional Guarantees, the Catalan Generalitat was quietly enforcing it. Premier Samper went about the task in a conciliatory spirit. He asked the Basques to wait till the Cortes reassembled, when he would secure the passage of a law guaranteeing their provincial rights under the Constitution. In the face of the perplexing problems of the Catalan Land Law, he temporized, permitting the expropriations to go on, to the disgust and indignation of the landed aristocracy, whose dissatisfaction was further increased by his failure to reinstate the Right Wing civil servants dismissed by Azaña's government. To emphasize these protests, a large body of Catalan landowners, numbering more than 5,000, many of them small proprietors, journeyed to Madrid. They met in the capital on Sept. 8 and roundly denounced Premier Samper's supine policy. In reply, union labor, at the request of the executive committee of the Socialists, ordered a two-day general strike in Madrid. Traffic in the capital was stopped, shops and factories were not allowed to open and a good deal of violence and looting occurred. Seven persons were killed and many injured before the strike came to an end with the arrest of Socialist and Syndicalist leaders.

In Barcelona, too, the parties of the Left caused difficulties, a large mob attacking and burning the headquarters of the Catalan Agricultural Institute of St. Isidore. On Sept. 9 a twenty-four-hour strike of 100,000 workers was called in the Asturias as a protest against a meeting of Catholic Action, at which Gil Robles addressed over 8,000 members of the party. The threat of another general strike in Madrid a week later led the Minister of the Interior, on Sept. 14, to issue a decree, "in the interests of public order," forbidding all political meetings or demonstrations for a period of eight days. Two weeks before, a decree was issued forbidding membership of boys and girls under sixteen years in political parties, and requiring written permission for enrolment from parents or guardians for young people between the ages of sixteen and twenty-three.

Trouble in the Basque country continued during September despite the arrest and imprisonment of many Republican leaders after the election of the Commissioners late in August. Of the Commissioners who were to meet at Zumurraga on Sept. 2, only a handful -about twenty—were permitted to attend. Angry protests and demonstrations occurred in many places, notably in Guernica, where 1,000 Basques assembled around the ancient tree which symbolizes Basque independence. Armed police charged the crowds and seized the Basque flags. At Vittoria the Mayor and sixteen town councilors, all Republicans and Basque Nationalists, were removed from office by the Civil Governor and others of the conservative groups were appointed to fill their places.

That the political unrest had a pernicious effect on the economic life of the nation is only too evident. The textile industries in particular were in a serious condition, while the uncertainties of the government's agrarian policy caused much unrest among the rural population. Negotiations for a commercial treaty with the United States were begun, but no definitive arrangements have yet been made.

Of interest as another indication of the nationalist movement in Catalonia was the announcement that Catalonia is to have an official State-supported theatre at Barcelona, similar to the Comédie Française at Paris. The company has been chosen and a season of seven months will begin in October in the Teatro Poliorama, during which, so reads the announcement, Spanish, Catalan and foreign plays will be presented.

MILITARISM IN ITALY

September witnessed developments of unusual interest and significance in Fascist Italy. Following the Duce's much-discussed militarist address last month came the surprising Cabinet decree of Sept. 18 ordering military training for all males from 8 to 33 years of age. This means another ten years after dismissal from the army. To make Italy a "military, militarist and warlike nation," military instruction must be made "an integral part of the national education," said Mussolini, in announcing the decree.

According to the plan, the Balilla—boys from 8 to 14 years of age—will be drilled and instructed in the military glories and traditions of the nation, and brought into frequent contact with the armed forces. As Avanguardisti, from 14 to 18 years of age, they will be trained in sports and gymnastics of a semi-military nature. At 18 years the boy becomes a soldier in the Fascist militia. Three years after that, at the age of 21, he is drafted into the regular army for compulsory military service. Following this he is subjected to another ten years of training.

The decree also provides for the establishment by the head of the government of a military commission to develop all phases of military training and coordinate them with the great purposes and objectives of the nation's policies. The Duce's review on Sept. 13 of 23,000 young Fascists from all parts of Italy, with their 7,000 officers, and 600 students from the Fascist College of Physical Education, as they filed past the reviewing stand on the Via Imperiale, furnished a striking illustration of the integration of the Fascist party with the nation's military system.

More constructive, and of greater importance from many points of view, was the announcement of the plans for a considerable increase in the opportunities for elementary education. New buildings are to be provided for the primary grades and about eleven institutes of higher learning are to be established to meet the demands of the school population, which has grown from 3,800,000 in 1926 to more than 5,200,000 in 1933.

In the meantime another phase of national education has received the special attention of the government. By a decree on the control of the press and other agencies for the formation of public opinion, an Under-Secretary of State for the press and propaganda was created. Count Galeazzo Ciano, Mussolini's son-in-law, was appointed to the post. He will have control and direction of all opinion-forming agencies like the press and the radio, and give systematic attention to propaganda, or, as the government put it, to the task of keeping the world bet-

ter and more correctly informed on Italian affairs.

Progress in setting up the twenty-two corporations of producers in the field of agriculture, industry and commerce proceeded steadily during September. Italy is going further along the road of constructive planning for the new economic order than any other State in which the capitalistic system is retained.

Equally significant is the attack upon unemployment in the seven-point program developed and decided upon early in September by the National Confederation of Industrial Corporations. Differentiating between seasonal unemployment, and the dead weight of the marginal surplus of labor, a burden which is, as Mussolini says, the product of the capitalist system, the program provides for the limitation of work approximating a forty-hour week; the extension of the shift, or rotation of labor, system; the abolition of overtime and holiday labor; encouragement and careful regulation of piece work; control and limitation of machine production, with a view to provide as much manual labor as possible; and the reorganization of the Labor Exchange. An agreement between employers and workers early in the month, to the effect that 30 per cent of the textile workers must be men, marks an attack on the problem of unemployment from another angle.

The Under-Secretary of Corporations pointed to the decline of 24 per cent in the cost of living since 1930; to the reduction of the budget deficit for the fiscal year to less than one-half that of last year; to a decline of 25 per cent in bank failures; to the reduction of bank interest from 5 per cent to 3½ per cent; and, above all, to the signs of economic recovery in the steady increase in production to within 9 per cent of the output in the prosperity year, 1928. The industrial index, computed by the Ministry of Corporations on the basis of 1928 as a norm, showed a rise in 1929 to 109; it then fell in the succeeding years to the low of 72.2 in January, 1934. Thereafter the index rose steadily, reaching 87.71 in June. The improvement, it is claimed, is also reflected in the increasing number of applications for licenses to establish new plants or to enlarge old ones. Nothing was said of the continued, and rather alarming, decline in export trade, and the unfavorable trade balance which mounted to 1,655,000,000 lire for the eight months ended Sept. 1.

Hungary's Need of Italian Support

By FREDERIC A. OGG

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FOR the first time since the conclusion of the Italo-Hungarian alliance the Italian press has of late grown critical of treaty revision demands. As a result considerable apprehension has been roused at Budapest lest Italian support for rewriting the Treaty of Trianon—the cardinal objective of Hungarian foreign policy—be lost. Official circles attribute Rome's sudden change of heart to Czechoslovak intrigue to separate

Hungary and Italy by promising Premier Mussolini that the Little Entente will join Italy's Central European scheme upon condition that Italy cease to support Hungarian revisionism.

These fears were confirmed in early September when it was understood that Foreign Minister Benes was likely to visit Rome in the near future. Hungarians hoped that he would be unable to carry Rumania and Yugoslavia with him, and that in any event Premier Mussolini would prefer to stand by Hungary, who, it was argued, had shown her sincere friendship for Italy throughout the past seven years.

Opponents of the foreign policy of the present Hungarian régime—especially the royalists—have been bitter in condemning the "Germanophile" policy of Premier Goemboes and Foreign Minister Kanya. By manifesting pro-Nazi tendencies the government, they say, deeply disappointed Mussolini when his relations with Berlin became tense on account of the Austrian question. Whatever the reason, pro-Nazi articles have now ceased to appear in the official press.

The question of electoral reform still comes occasionally to the surface, even if there is no present prospect that anything will be done. In these days of "authoritarian" governments a country with an antiquated electoral system is less conspicuous than formerly. Yet, of all European countries with a representative system, Hungary is the only one in which open and oral voting survives and where the suffrage is not materially broader than a hundred years ago. Premier Bethlen used to declare unequivocally that the Hungarian masses are not "ripe for universal suffrage and the secret ballot," although naturally he did not stress the point when visiting France or England, or when arguing for a treaty revision which would transfer to Hungary millions of people now enjoying electoral rights, at least of a kind. M. Goemboes, the present Premier, has favored electoral reform, but it is doubtful whether, even if he desired to make the fight, he could carry genuine reform in the face of the opposition of large sections of his own party which are in agreement with the views of his predecessor.

RUMANIAN POLITICS

For some years the unity and vigor of Rumania's once powerful National Peasant party have been seriously impaired by disagreement between its two eminent leaders, ex-Premiers Maniu and Vaida-Voevode, over party methods and objectives. So far-reaching, indeed, did the breach become that rival "Manist" and "Vaidist" factions expended much of their strength against each other. This situation is now supposed to have been remedied. Protracted and lively conferences between the two chieftains shortly before the middle of September resulted in the announcement of a personal reconciliation. An agreement by both men to dissolve the groups and committees of their own adherents in order to clear the way for a new and consolidated party organization presumably closed the breach.

At a meeting of the executive committee of the reunited party in Bucharest, M. Maniu renewed his oft-made attack upon Mme Magda Lupescu, friend of King Carol and perennial storm centre of the country's politics. "As long as Mme. Lupescu remains in Rumania," he told his listeners, "nobody will be able to accomplish anything good. Through her meddling in politics, thirteen governments and four elections have followed on each other's heels. As long as the chief of staff of the present

court camarilla, who is Mme. Lupescu, retains full power, I shall struggle with that camarilla. I shall fight it in order to save the monarchy."

Still unable to see eye to eye with M. Maniu in all things, M. Vaida-Voevode defended Mme. Lupescu, saying that during his own terms in office she had caused no trouble. He also revealed the fact that he had at one time secured King Carol's promise to send her abroad, but that after her passport and supply of foreign money had been made ready the King changed his mind, because he did not wish to give the impression that M. Maniu was forcing him to take such a step.

Meanwhile, the report went forth that Mme. Lupescu was urging the King to seek a reconciliation with Princess Helen, his former wife, as the best way of silencing criticism of himself. Rumor had it, too, that Dowager Queen Marie was once more interesting herself in untangling the marital snarls that enveloped Carol and Helen ten years ago when the then Crown Prince first saw the woman for whom he subsequently foreswore his throne.

BULGARIAN FOREIGN AFFAIRS

It is too early to draw conclusions as to the results of the visit by King Alexander and Queen Marie of Yugoslavia to the capital of Bulgaria during the week of Sept. 23. Indeed, no immediate political consequences were anticipated. But the mere fact that such a visit was made is significant. As is well known, deeply rooted animosities between Bulgaria and Yugoslavia have been a principal obstacle to improved inter-Balkan relations, and European chancelleries, encouraged by many manifestations of a new friendliness in the area as a whole, have been unable to shake off the fear that a Bulgar-Yugoslav clash would in the end undo everything.

Recognizing not only that the Bulgarians themselves are instinctively hostile to the Yugoslavs, but that the country has become the haven of large numbers of Macedonian, Serbian, Croat and Montenegrin refugees who are bitterly hostile to the present régime at Belgrade, the Bulgarian authorities took unusual precautions to ensure the safety of their royal guests. For the period of the visit 10,000 of these refugees were compelled to leave Sofia, being interned in distant villages under police surveillance; 1,000 Communists were rounded up for detention in Sofia prisons. Whether or not because of these measures, the visit was marked by no untoward incident. As described by the government-controlled press, both the official and the popular reception of the visitors was enthusiastic.

The topics scheduled for discussion between the monarchs, and simultaneously between Foreign Ministers Balatov and Jeftich, included (1) the question of Bulgaria's adhering to the Balkan security pact concluded early this year by Yugoslavia, Rumania and Greece; (2) joint political or military measures to be taken in the event that Otto, Habsburg pretender to the Austrian and Hungarian thrones, attempts to restore the monarchy in either of these countries; (3) the respective attitudes of Rumania, Bulgaria and Yugoslavia toward Italy, Austria's ally and an increasingly potent factor in Balkan politics; and (4) the question of Yugoslavia's recognition of the Soviet Union, with which Bulgaria and Rumania have lately resumed relations.

King Alexander was known to be anxious to induce Bulgaria to join the Balkan pact. One of the weightiest obstacles has been the Bulgarian Gov-

ernment's strenuous objection to the clause of the pact defining an aggressor, and it was considered unlikely that Yugoslav arguments would avail unless Yugoslavia were willing to renounce this provision. Adherence was improbable, too, unless some compromise could be reached between Bulgaria and Rumania looking to retrocession to the former of the 9,000-square-mile Dobrudja Province lost under the Treaty of Neuilly in 1919. So far as is known, neither of these conditions having been met, Bulgaria's attitude toward the pact remains unchanged.

Apparently convinced that the Gueorguiev dictatorship is in dead earnest in its efforts to suppress the Macedonian comitadjis, the revolutionary chieftain, Ivan Mihailov, with his wife and a few lieutenants, fled on the night of Sept. 12 across the Turkish border and made his way to Istanbul. Within forty-eight hours, the Bulgarian Government requested the extradition of the fugitive. On the ground that he and his companions were political refugees, the request was refused. In Bulgaria, meanwhile, the round-up of other adherents of the famous I. M. R. O. continued, together with the confiscation of pamphlets and other propagandist literature.

KING ZOG CAPITULATES

The unannounced visit of the First Italian Fleet to the Albanian port of Durazzo late in June was suspected at the time and is now known to have been no casual occurrence but a deliberate move planned at Rome to put pressure upon King Zog and his government. Reports from Tirana at the middle of September indicate that the stroke served its purpose. The tension between the two countries flowed principally from the Albanian monarch's stout resistance to Italian domination of the Albanian Army and to an Italian demand to be allowed to colonize the Mushakia Valley. After prolonged negotiations it has now apparently been agreed that Italian officers shall continue to command in the Albanian forces, that Rome will make a loan for the purchase of additional armament, and that Italy may proceed with the settlement of 10,000 colonists in the area indicated.

Assassination of Yugoslav King

As this magazine goes to press news comes of the assassination of King Alexander of Yugoslavia and of Louis Barthou, the French Foreign Minister, at Marseilles, France, on Oct. 9. The King had just landed for the purpose of discussing in Paris the settlement of differences between Yugoslavia and various other countries, and was driving with M. Barthou through the streets of Marseilles when both were shot. The King died almost immediately, and a little later M. Barthou also succumbed.

It is impossible at this writing to estimate the effects of the tragedy in Yugoslavia, where an 11-year-old boy, Prince Peter, succeeds to the throne, or in France, where Prime Minister Doumergue has to replace M. Barthou with a new Foreign Minister, or generally in Europe where there are so many strains and stresses in the precarious structure of peace.

Premier Uzunovich, speaking before a congress of the Yugoslav National party held at Nish during the first week of September, painted a glowing picture of his country's friendly relations with its neighbors and

pledged a continued policy of peace. Not unnaturally, he refrained from commenting on a less favorable aspect of the situation—the continuing friction with Italy. The past two or three months have witnessed a bitter press war, carried on particularly by the newspapers of Belgrade and Rome. On the one side, Yugoslav journals voice hot resentment of Italian, and also Austrian, accusations against the Yugoslav Government and people; on the other, high condemnation is heaped upon the "virulent" anti-Italian campaign alleged to have been carried on all Summer and Autumn by Belgrade and other Yugoslav papers with a view to obstructing the predicted rapprochement between Italy and France. On Sept. 19 formal protest was lodged by Italy's Minister to Belgrade.

After going four months without a trade agreement, Yugoslavia and Hungary concluded a pact on Sept. 12 designed to regulate traffic along their common frontier and lessen the tension caused by unfortunate incidents earlier in the year. The agreement will extend to the end of 1935.

Wrangling Over Memel

By RALPH THOMPSON

MEMEL, that little semi-autonomous territory on the Baltic, continues to be the scene of deplorable bickerings between German and Lithuanian interests. Lithuania's loosely defined rights of control conflict repeatedly with the ambitions of the Germanized majority, and few weeks pass in which neither Kaunas nor Berlin finds fresh cause to protest the activities of the other. Apparently no "adjustment" resulting from the World War is less satisfactory than that provided by the Memel Statute of 1924.

Recent events show the character of the controversy, now many years old. What Lithuania called Nazi agitation occasioned the suspension of two German political parties last February and the arrest of many leaders. In March the Lithuanian Governor of the territory, for similar reasons, ordered the President of the Memel Directorate to dismiss certain of his officials, and some months later the Governor dismissed the President himself. Germany thereupon formally protested to the signatories of the Memel Convention—a move which thus far has had little effect. The British view of the matter was stated in the House of Commons on July 19, when Anthony Eden, Lord Privy Seal, explained that if Germany had any complaints she should address them to the Council of the League of Nations. Incidentally, the World Court in 1932 upheld Lithuania's right to dismiss a President of the Memel Directorate, and presumably it would do so again.

In answer to Berlin dispatches claiming hundreds of petty officials had been unjustly discharged, Lithuania explained that the number was small and that it embraced only those connected with the banned political parties. The Memel Diet was called into session in midsummer, but was almost immediately dissolved—according to Germany, as a move against representative government;

according to Lithuania, because there was no quorum. Between July and October, Berlin protested, 538 German officials of the territorial administration were ordered to leave their posts, as were nine Lutheran pastors and over 100 German school teachers.

The Memel schools are a principal point of contention. One clause of the Memel Statute provides that the territorial curriculum "shall not be of a lower standard" than that followed by schools of the same standing in other parts of Lithuanian territory. But this clause, obviously, can be variously interpreted. Lithuania reads it as implying that the Lithuanian language and Lithuanian history and geography should take precedence over others; German sympathizers quite naturally regard it in another light. The statute also provides, however, that matters pertaining to public education are within the competence of the local territorial authorities. If Memel is predominantly German in outlook (which Lithuania denies), only a determined campaign against German officials can give a legal basis to Lithuania's educational aims. It is of this campaign that Germany now so bitterly complains. Lithuania, on the other hand, feels that she deserves sympathy in her fight against Nazi penetration to the East.

THE BALTIC PACT

The pact of understanding and cooperation initialed by Estonia, Latvia and Lithuania in Riga on Aug. 29 was signed in Geneva on Sept. 12 by their three Foreign Ministers. By Article I the contracting governments agree to cooperate on all common questions of foreign policy. Article II provides for conferences at least twice a year and for the places of meeting; these conferences to supersede those arranged by Estonia and Latvia in their treaty of February, 1934. Article III is the joker: the high contracting parties recognize that concerted action on certain unnamed problems would be extremely difficult, and therefore specifically exempt them from the engagements of Article I. In other words, Lithuania may still pursue her policies regarding Memel and Vilna without external intervention.

Article IV binds the three nations to settle by peaceful means such questions as may arise among them; Article V provides for closer contact of their representatives abroad and at international conferences; Article VI rules that each contracting government shall make known to the others the text of such treaties as it may sign; Article VII provides that by common agreement other States may be invited to adhere to the pact; Article VIII lays down the methods of ratification. By Article IX the treaty is to last for ten years, and is to be prolonged tacitly if not denounced by one of the parties at the end of nine years.

SWEDEN'S TRADE RELATIONS

Early in September Stockholm was the scene of a meeting of four Scandinavian Foreign Ministers. Sweden, Norway, Denmark and Finland had sent their representatives to discuss not merely the approaching League of Nations assembly, as in past years, but also the possibility of wider economic cooperation. While nothing definite was accomplished, the Foreign Ministers agreed that closer commercial relations were desirable and decided to recommend the appointment of special delegations to further this end.

In the future, therefore, Sweden may find her foreign trade with her immediate neighbors sensibly enlarged. Meanwhile, other moves have been made. Reports from Washington

on Sept. 10 indicated that the United States and Sweden, in accordance with the new policy of the American State Department, would soon begin negotiations for a reciprocal tariff agreement.

A revised Swedish-German trade pact went into effect on Sept. 1. Commercial relations between Sweden and Germany had become unfriendly, for Swedish exporters and bondholders were unable to collect their debts. In addition, a vigorous and slanderous newspaper war had begun in the two countries. A first attempt to negotiate commercial payments met with little success, a Swedish delegation returning from Germany in mid-July with empty hands. The great Swedish liberal newspaper *Dagens Nyheter*, as well as the *Götcborgs Handelstidning*, had been banned in the Reich; Arthur Engberg, Swedish Minister of Education and Religion, had publicly used most unflattering terms in speaking of Germany's religious policies, and the German press had hit back repeatedly at the Swedish people and their leaders.

The new pact, which runs until the end of 1934, served to allay the antagonism, although the basic causes of ill-feeling no doubt lie too deep to be affected by commercial understandings. By the agreement special clearing committees are set up in each country to receive money paid by importers, and from the accumulated funds the committees pay claims of exporters, interest on public debts and interest on recognized private claims—in that order. On the first 55,000,000 gold marks of Germany's export surplus the Swedes will make no claims, but from any excess will be paid the interest on Swedish holdings of the Young, Dawes and Kreuger Loans, with the rate on the last reduced from 6 to 4½ per cent. If the surplus exceeds 73,000,000 gold marks, the interest may be paid on Swedish holdings of private German bonds, real estate mortgages, stocks, &c. Unless it exceeds 88,000,000 gold marks, the maximum rate of interest will be 4½ per cent. In 1933 Germany's export surplus to Sweden was about 90,000,000 gold marks.

Happier Days in the Soviet Union

By EDGAR S. FURNISS

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WORLD interest in Soviet foreign affairs has tended in recent months to obscure important developments within the Union itself. Conspicuous among these is the striking change which has occurred since last Spring in Russian agriculture. At that time the country appeared to be on the verge of another famine because of prolonged drought in the principal grain-producing regions. The government, apparently frightened at the prospect, showed its concern by decrees raising the prices of cereals, by attempts to appease individual farmers through lower taxes and a freer market, and especially by mobilization of Communist "shock brigades" in the harvest areas.

Echoes of the agrarian crisis continue to be heard in those sections of the foreign press notoriously un-

friendly to the Soviet Union. While these alarmist reports have some basis in the government's failure to publish harvest statistics, there is plenty of evidence that the country no longer faces a food shortage, but will, on the contrary, have an exportable surplus of grain.

The change has been due in part to late improvement in weather conditions; in part to increased efficiency of organization, particularly on the collective farms, and to a better attitude on the part of the peasants toward the government's grain program. The increase in livestock provides another favorable element in the situation. In this respect the present year marks a turning point in Soviet agriculture, for it is the first time since the collectivist program was launched that the total supply of animals on farms has not declined. The director of the All-Union Institute of Veterinary Medicine has reported that during 1934 the various categories of food animals have increased between 13 and 26 per cent.

The change in agriculture is well illustrated by the course of governmental policy toward the individual peasant. The Soviet authorities have always aimed at the ultimate wiping out of this element in the population through absorption into the collectivist system. But the methods employed at different times have varied according to conditions. When faced by a shortage in the food supply the Soviet authorities have relaxed their pressure on the kulaks; when food prospects have been favorable the individual peasant has been severely treated. The crisis last Spring produced the usual adjustment of policy, and until late September the government employed only persuasion to induce the individualist to join the collectives, offering him material inducements in the form of seed grain, farm machinery and expert advice. But during the last week of September a series of decrees abruptly ended this mild policy.

The new decrees seek to make the life of the private farmer economically impossible. Permission to sell his produce in private markets where prices range far above the government's own schedule is withdrawn, thus limiting money receipts. To increase his money costs the government has loaded the farmer with new and burdensome taxes. The decree of Sept. 27 imposes taxes for all individual peasants which increase progressively with the size of the farm and the scale of operations. The most prosperous of the individual farmers, the kulaks, must pay the regular agricultural tax for 1934 plus a special levy equal to 200 per cent of this tax. The additional taxes levied on smaller farms vary from 15 to 125 rubles, consisting in all cases of definite obligations in money which are not affected by the amount of the individual's monetary income.

These taxes would seem to be prohibitive and are probably intended to be so. To safeguard the plan against unintentional leniency in individual cases, the local authorities are empowered to raise the tax rates by 50 per cent if they believe that an unusually plentiful crop enables a farmer to bear a heavier burden. The only escape is through membership in the collectives. When the government announced its new tax policy, it proclaimed its determination to make a clean sweep of the entire individualist peasant population, which numbers about a third of the rural households. The year 1937 has been set as the date by which the whole agricultural system of the country is to be socialized.

Soviet industry has gained equally

with agriculture, though the fact has been concealed by recent discussions of decline in Soviet industries at the All-Union Industrial Conference in Moscow on Sept. 22. Reports of this conference, which were on the whole discouraging and received wide notice in the press, gave rise to the opinion that the Soviet industrial program was unsuccessful. Careful analysis of statistics, however, presents a different picture, for it becomes clear that the decline of industrial production occurred only in July and August, months when there is always seasonal slackness in Russia.

An earlier report of G. K. Ordjonikidze, Commissar of Heavy Industry, covering the first six months of the year showed that the basic divisions of industry—mining, iron and steel, machine equipment and the like—increased production 29 per cent compared with the first half of 1933. Allowing for even the poor showing in July and August, the heavy industries have surpassed the output of 1933 by 28 per cent, whereas the plan called for an increase of only 23 per cent. Between January and July, 1934, Russia produced 44,000,000 tons of coal, 9,340,000 tons of iron ore, 4,910,000 tons of pig iron, 5,834,000 tons of aluminum, 4,791,000 tons of steel, 552 locomotives, 12,605 freight cars, 23,438 motor trucks, 7,662 motor cars, 41,689 tractors.

These absolute figures are impressive, though not very meaningful to the foreign observer who has no standard against which to compare them. More significant is the fact that Russia, almost alone of modern nations during this period of world-wide recession, is steadily and rapidly expanding both her production equipment and output in these basic industries.

Though the favorable trends in Soviet economic affairs aid in the understanding of present conditions within the country, the transformation of the cultural life of the people is even more striking.

For many years the common man's life in Russia has been a grim and serious business. Not only has his material welfare been reduced to the barest minimum by the crushing burdens laid on him by the government's economic program, but he has lived in a mental atmosphere of extreme tension which opened no escape from the drabness of daily life. The Communists, of course, have found compensation in devotion to their creed and in the sense of playing a part in shaping a great national destiny. They have, however, always been a small fraction of the population, and the great mass of the people have had no such inspiration or stimulus. Over them has hung the constant dread of invisible espionage. Their educational, cultural and recreational activities have been regimented by the Soviet authorities and dominated throughout by official propaganda. For Communist and non-partisan alike the ordinary frivolities of dress or amusement or social intercourse which add so much to the gayety of life have been condemned as bourgeois follies and forbidden. The working life of the average man has been belabored by continuous exhortations and threats to spur him to greater effort. His leisure has been passed in a similar atmosphere created by the incessant propaganda of the radio, the press and the theatre.

Evidently the Soviet authorities decided that the tension of life had reached the breaking point and had to be relaxed. They have shown this by numerous definite changes of policy. Early in the year the curricula of the schools, which have always been governed by the principle that

everything must be taught from the "Marxian point of view," were modified to include subjects and textbooks of a purely cultural nature. Literature, history and geography in their romantic aspect have been opened to young people for the first time.

A similar change has occurred in the press. Following agitation inspired by the government itself, the press has been given to understand that its pages need no longer be filled with propaganda or with serious articles bearing on the Five-Year Program, but should serve as an outlet for all sorts of literary expression, even the purely romantic or the frivolous. The association of proletarian writers, known as "Rapp," was abolished last year to make way for this change of spirit. The All-Union Congress of Writers, which met in Moscow in August, was treated to the astonishing experience of a high government official demanding that writers of all types, even the "bourgeois intellectual," be given freedom of expression.

The great theatrical festival held in Moscow during the first half of September was also the inaugural of a new liberal policy with respect to the popular artistic and recreational life. Not only did the program include many items of a wholly non-propagandist character, but the radio comment on the performances emphasized the fact that the people might hereafter look to the music hall, the theatre and cinema for recreation and amusement devoid of ulterior purpose.

The reform of the Ogpu, or secret police, has affected this revolution in popular attitudes and activities. When the plans for reorganizing this arm of dictatorship were announced some months ago, it seemed doubtful if anything more than a formal change was contemplated. It is now clear that the reorganization was very real and vital. Not only has the espionage of the police been brought under the control of the regularly constituted government, but the Commissariat of Internal Affairs, into which the Ogpu was transformed, has been deprived of the judicial functions which gave the secret police their dreaded power. Now for the first time the official courts are in charge of civil and criminal cases of all kinds, handling them in accordance with law. The government has given public orders to the courts through the press to observe the codes and to cease administering "class justice" of their own devising.

These and similar changes of governmental practice have evoked a widespread popular response. Many observers of Russian affairs have commented on the fact that the country appears to be passing through a period of spiritual revolution. The enthusiasm for sport, the novel interest in clothing styles, the thriving business of the beauty shops, the increasing number and activity of the shops selling luxury goods and fripperies, above all the greater animation and gayety of the people during the leisure hours, are expressions of the new spirit.

For the underlying causes of the change one must look to the developments which have persuaded the nation's rulers that it is both safe and expedient to relax their pressure on the people. The substantial success of the economic program is an important factor; so, too, is the increased security of Russia's international position as indicated by her cordial relations with almost all the major powers and her recent admission to the League of Nations. And not least in importance is the unquestionable stability of the Stalin régime within the country, with the disappearance of all opposition in domestic politics.

Turkey's Way With the Foreigner

By ROBERT L. BAKER

A SURPRISING feature of republican Turkey's drive against foreign influences has been the virtual absence of jingoism. Turkey's economic and cultural nationalism thus differs from that of other countries seeking to achieve the same ends. There was indeed a strong feeling against the Greeks during the early years of the republic, but it died down after the exchange of populations in the middle Twenties. Since then, with few and unimportant exceptions, legislation against foreigners and aliens or their holdings has been carried out in a dispassionate manner—"according to plan."

The explanation is perhaps that the Turkish government, really a dictatorship, has been strong enough to act against the foreigner without previously stirring up popular feeling. In any case discipline has been well maintained during the past decade while the government reclaimed from foreign possession or influence the industries, the utilities, the professions and trades, the schools and even the Turkish language. The task is far from ended, but Mustafa Kemal and his associates are determined to persevere with the extreme nationalistic plan which they believe best for the future of Turkey. Hardly a month passes without some new step in this direction.

The Turkish government thus made arrangements at the end of September to take over the full control of the port of Istanbul, including docks, quays, warehouses and other harbor works, on Jan. 1, 1935. All other harbors of the country are already operated by the State. The port facilities at Istanbul are at present held as concessions by two French companies, and it is understood that Ankara had to exert considerable pressure on one of them before it agreed to sell its interests. The Turkish government had already bought most of the shares of the other company. Payment will be made in forty yearly instalments of 2,500,000 French francs each.

Turkey's future policy in regard to foreign concessions was explained last July by Ali Bey, Minister of Public Works. "Foreign capital," he said, "will be welcome in Turkey for the development of public utilities, such as electricity plants and irrigation systems, provided it complies with the laws of our country. In other words, enterprises undertaken by foreign capital in this country must register as Turkish companies." On the other hand, "operating concessions to foreign companies, having their headquarters abroad, will be granted no more," though contracts for construction with foreign engineering firms would not be affected. Existing concessions were being modified "to conform to our dignity and our needs by friendly agreements." Where that is impossible "we refuse to renew them at the terms of expiration. But, even in this respect, no expropriation or autocratic act of abrogation is ever taken into consideration by our government."

On Sept. 17, Turkey was elected to a non-permanent seat on the Council of the League of Nations, succeeding

to China's place. Turks were jubilant over the honor and regarded it as recognition of Turkey's peaceful and constructive foreign policy under the republic.

PALESTINE'S IMMIGRATION PROBLEM

Among both Jews and Arabs in Palestine animosity has for several months been rife over the question of illegal immigration. Spokesmen for the Arabs have always objected to any Jewish immigration whatsoever, and some time ago they began to focus their protests to Sir Arthur Wauchope, the British High Commissioner, on the large number of Jewish laborers who, they declared, were illegally entering and settling in the country. Considerable numbers of Jews were undoubtedly getting into Palestine without proper permits. Sir Arthur not only announced drastic measures to check the practice, but even deported a number of Jews who had already settled in the country without authorization.

This roused the indignation of the Jewish community. Zionist organizations had long complained that the immigration quota for Jewish labor was entirely inadequate, in view of the large Jewish investments in agriculture, construction and industry and of the fact that Palestine's undeniable prosperity was due mainly to Jewish capital and energy. The Jews were even more deeply incensed because, while their own immigration was rigorously supervised, the Palestine government made no effective effort to curb the influx of Arabs from across the Jordan and of Syrians and Egyptians from over the northern and southern borders. The stiffening of British policy on Jewish immigration seemed to them, therefore, to be partial to the Arabs.

The Arabs, encouraged by the success of their protests, promptly pressed their advantage. Asserting that the government police forces were inadequate to check the smuggling of Jewish laborers, they decided to help with voluntary coast patrols of Arab youths, in some cases troops of Arab Boy Scouts. These patrols began work early in July and before long were involved in clashes with the Jewish colonists, in which one Arab was killed and two others wounded. The Jews were about to organize similar patrols to guard the eastern frontier against Arab immigration when, in mid-August, the High Commissioner forbade private persons to act as frontier guards. In spite of the ban the Arab patrols were reported to be still active early in September.

In Jerusalem it was believed that Arab politics lay behind the formation of the patrols. According to one view, the Arab leaders who were involved in the Jaffa riots last year, having fallen into disgrace when they signed bonds pledging good behavior, organized the patrols as a move to regain favor among their co-religionists. Another explanation was that the unofficial coast guard was inspired by the Mufti. His influence has declined sharply of late, while that of the rival Moslem Opposition party, led by the Mayor of Jerusalem, has gained in popularity. If a legislative council, based on proportional representation, were to be established in the near future, as proposed by the High Commissioner, the Opposition party would win all eight Moslem seats. The Mufti, it is believed, encouraged the formation of the Arab patrols in the hope that, by causing disturbances, they would lead the Mandates Commission and the British authorities to regard Palestine as not yet ready for an elective legislative council.

The British administration is, as usual, between two fires. Its policy on Jewish immigration, however distasteful it may be to Zionists, is based on expert studies of Palestine's capacity to absorb new settlers with Jewish standards of living. The Jewish accusation that the authorities are partial to the Arabs because of their lax supervision of Arab immigration, appears to bear some weight, but it would be physically impossible to police the inland frontiers without enormously increasing the forces of the country. And the British desire to avoid giving their rule in Palestine a military character.

After four years of drought, Palestine agriculture is well on the way to recovery. The Summer crops were the best for many years. In some districts an acute shortage of agricultural labor endangered the harvest.

HOPE FOR THE ASSYRIANS

After nearly a year's unsuccessful search for a haven in which to settle Iraq's unwanted Assyrian minority, the League of Nations has at last found a solution of the problem, which had apparently reached an impasse when the Brazilian offer to receive the sect was withdrawn some months ago. The Council of the League was informed on Sept. 28 that Great Britain would permit Assyrians to settle in British Guiana and that France would offer similar hospitality in French West Africa. About 20,000 Assyrians will be transplanted to those colonies under League supervision and with League aid. These offers were probably not made sooner because both colonies are tropical and are not particularly well suited to the needs of the Assyrians. After all the other schemes had fallen through, final responsibility for some sort of action fell, as was expected, on Great Britain and France, who are under obligations to the Assyrians for their loyalty and aid during the World War. The Nansen Office of the League will have charge of the migration and settlement of the Assyrians in their new homes.

POLITICS IN IRAQ

The democratic system in Iraq has not yet reached the point where Cabinets are in practice responsible to the elected Parliament. They are responsible rather to the King, who, because of his youth and inexperience, is under the influence of personal advisers. These facts go far to explain the mystery which surrounds Cabinet changes in Iraq. Personal factors enter largely into the appointment of Ministers, the more so since party politics has not developed to any great extent.

Thus, no reason was given when Jamil Beg al Midfai resigned with his Cabinet on Aug. 26. Personal influences were apparent when King Ghazi accepted the resignation and at once invited his Chamberlain, Ali Jawdat Beg, to form a new Cabinet. On Sept. 5 the King issued a decree dissolving Parliament and announcing a general election to obtain the nation's verdict on the new Cabinet's program.

AFGHANISTAN IN THE LEAGUE

Afghanistan, which was admitted to the League of Nations by a unanimous vote of the forty-seven delegates present at the last meeting of the Assembly on Sept. 27, is the fifth strictly Moslem State to become a member, the others being Albania, Iraq, Persia and Turkey.

Japan Acts to End Naval Treaty

By GROVER CLARK

THE Japanese government on Sept. 7 signed the death warrant of the naval agreements made at the Washington Conference in 1922 and the London Conference in 1930. This long-awaited decision was embodied in the unanimous approval by the Cabinet of draft instructions for the Japanese delegates to the preliminary naval talks in London, and of the policy to be followed at the more formal naval conference scheduled for 1935.*

After the Cabinet had acted, the Premier reported to the Emperor and secured his endorsement of what had been done. The Navy Minister also submitted the Cabinet's decision to the naval members of the Supreme Military Council and secured the unanimous approval of that body. The Privy Council's sanction was to be secured also, and presumably it was given, though the press messages did not report this specifically. Thus extraordinary care was taken to make sure that there would be no division of opinion behind Japan's spokesmen at the international naval gatherings.

The proposals to be submitted by Japan represented a clear victory for the naval leaders. Details have not yet been made public, but the principal points as reported are: (1) The ratio principle is to be discarded and Japan is to have the right to naval equality with Great Britain and the United States; (2) naval limitation, if agreed on, is to be on a "global" basis, with each nation left to distribute the total tonnage among the different kinds of warships as seems best to itself; (3) the size of capital ships, aircraft carriers and vessels in other categories, as well as the calibre of guns carried, may be limited by agreement; (4) the principle of curtailing offensive strength while preserving defensive power is to be followed.

If the other powers unconditionally accept Japan's proposals, then, as the Japanese Foreign Office spokesman pointed out, abrogation of the Washington and London naval agreements will not be an issue, for these treaties automatically will be replaced by new understandings. Though the Japanese authorities do not expect unconditional acceptance, they have determined not to continue to be bound by the present naval agreements, particularly by the provision that Japan's navy is to be only three-fifths of that of Great Britain or the United States. Accordingly, the Cabinet, while laying down Japan's naval policy on Sept. 7, authorized the Foreign Minister to serve formal notice of the termination of the Washington Conference naval treaty at such time as he deemed appropriate.

Japanese official statements on the prospects of the London preliminary talks and of the 1935 naval conference expressed the hope, but showed very little confidence, that the gatherings would be successful in working out a new set of naval agreements. Those at present in authority in Tokyo are determined to obtain the right to full naval equality with

*This article should be read in conjunction with that by Captain Sekine, entitled "Japan's Case for Sea Power," on page 129 of this magazine.

Great Britain and the United States, and, as far as one can judge from press comments, Admiral Yamamoto, Japan's chief naval delegate to London, was quite correct in saying that he was taking the unanimous backing of the Japanese people in his suitcase along with the instructions from the Cabinet. If the United States and Great Britain agree in principle that Japan is entitled to a navy equal to theirs, the Japanese authorities will apparently be ready to make adjustments on other points. But there has been so much talk about naval equality, and securing the right to equality has become so much a matter of "national honor," that the present government cannot afford to yield on this point. It must get the right to naval equality—by agreement with the United States and Great Britain or, failing that, by repudiating naval limitation agreements of every kind.

SALE OF THE CHINESE EASTERN

After fifteen months of argument, deadlocks, outbursts of mutual recrimination and general ill feeling, the Japanese Foreign Minister and the Russian Ambassador to Japan have finally agreed that Manchukuo should pay 170,000,000 yen (about $56,000,000) for all the Russian rights in the Chinese Eastern Railway. Available reports do not state exactly when the agreement was reached; the news was published in Tokyo papers on Sept. 23, but press reports from the Manchukuo capital indicated that it was received there with a good deal of surprise, since it had been assumed that the deadlock which was reached in August still held. The Manchukuo Vice Minister for Foreign Affairs (a Japanese), who had taken part in the earlier negotiations, was in Hsinking, rather than Tokyo, when Hirota and Yurenev came to their understanding. Yet the Tokyo Foreign Office spokesman made a brave effort to preserve the fiction that Japan was only a mediator; according to a special dispatch to *The New York Times* on Sept. 25, he "emphasized today that Japan was not a party to the negotiations, but said she could 'perceive' that an agreement had become possible."

The long series of negotiations over the sale of this railway by Russia started on June 26, 1933. Russia's first asking price was 250,000,000 rubles (about 650,000,000 yen or $220,000,000). Manchukuo offered 50,000,000 yen (about $16,000,000). By Aug. 13, 1934, when the latest deadlock occurred, the Russian price had been scaled down to 190,000,000 yen and the offered amount had been raised to 150,000,000, of which 30,000,000 was to provide retirement pay for the Soviet employes of the line. The rupture of negotiations at this point was followed by an exchange of caustic notes between Japan and Russia and by considerable mud-slinging in the Japanese and Russian press. Apparently, however, the negotiations continued. The price finally agreed on is half way between the Russian and Japanese figures of Aug. 13.

Since Russia already had offered to take two-thirds of the payment in goods, the final agreement will presumably include provisions to this effect. Tokyo reports suggest that the cash payments will be spread over three years, with the funds for the initial payment coming from a Manchukuo bond issue floated in Japan. In this initial cash payment will be the funds for retirement allowances to the railway's Soviet employes. The payment in goods, it is expected, will include railway and other engineering equipment, steamships, and perhaps some foodstuffs. Practically all the

present Chinese Eastern Railway rolling stock is likely to go to Russia, since it is built for use on the broad gauge used by the Russian lines and would be useless on the standard-gauge Manchurian railways.

Japanese sources also say that the sale of the railway will be followed by Russian recognition of Manchukuo. A press report quotes a Japanese official as pointing out that Foreign Commissar Litvinov left the way open for this recognition when he told the League of Nations that Russia, on entering the League, would not be morally bound by League commitments made before that entry.

Chinese reaction to the sale remains to be seen. China officially insists that she still has a half interest in the line, under the various agreements with Russia, even though at present she is not able to exercise her rights. The expectation is, therefore, that China will make a formal protest before or at the time of the conclusion of the final sale agreement. But Chinese action is not likely to influence either Japan or Russia.

Whether or not Russia recognizes Manchukuo, the conclusion of the negotiations for the sale of the Chinese Eastern Railway should do much to eliminate friction between Japan and Russia. All the possible causes of discord have by no means been removed. The question of the Siberian fisheries, for example, has been only postponed, not settled. The oil in the northern part of Saghalin Island, now Russian territory, is a prize which the Japanese naval authorities would like to acquire. And the Japanese jingoes still talk about the necessity for control of the Maritime Provinces in Siberia in order to "protect" Japan.

The question of armed forces along the Manchuria-Siberia frontier remains unsettled. Japan has suggested that a demilitarized zone, twenty-five miles wide on each side of the border, be established. This sounds pacific enough, but if the suggestion were carried out very little change would be required in the position of the Japanese and Manchukuo troops, while Russia would be compelled to scrap virtually all the rather elaborate fortifications which she recently has built close to the border. Japan, however, has not yet attempted to press the point.

JAPANESE DOMESTIC PROBLEMS

The annual budget war between the Japanese Minister of Finance and the heads of the Navy and War Departments has started. The army is asking for some 626,000,000 yen (about $209,000,000) for the fiscal year 1935-36. Of this amount 130,000,000 yen is to meet the expenses of "maintaining order" in Manchukuo. The navy has asked for 715,000,000 yen (about $236,000,000), out of which it proposes to use 93,000,000 yen to build up the navy aviation corps. Both these figures represent substantial increases over the budgeted appropriations for the year 1934-35. Other departmental requests raise the total asked for to 2,800,000,000 yen ($933,000,000), compared with a budget for the current year of 2,111,000,000 ($704,000,000). The total demands for new enterprises, chiefly from the army and navy, reach 1,200,000,000 ($400,000,000).

The Minister of Finance insists that the new budget must be worked out on the assumption that war will not occur, and that the estimates for new enterprises must be cut at least 60 per cent. Even if this be done, he told a group of bankers, the funded national debt will reach a total of 9,000,000,000 yen ($3,000,000,000) by the end of the current fiscal year, and

another 1,000,000,000 yen will be added in the year 1935-36.

By way of doing something to meet the desperate need of the Japanese farmers, the Cabinet has decided to appropriate 3,000,000,000 yen out of reserve funds. Of this sum, 750,000,000 yen is to be used to carry out a program of production curtailment; the rest will go for loans to the silk raisers against cocoons to be taken over by the government and held in storage.

What has been called the worst natural disaster since the Tokyo earthquake in 1923 overtook central Japan on Sept. 22 when a terrific typhoon struck Osaka, Kyoto, Kobe and other cities in this region. More than 2,000 lives were lost, and the property loss was estimated at about $100,000,000. The damage to the cotton mills and munition plants in this area, the principal manufacturing section of Japan, is reported to have been especially heavy. Some accounts estimated that over 100,000 persons would be thrown on public relief as a result of the typhoon.

THE LEAGUE AND THE FAR EAST

If the League of Nations Assembly had deliberately set out to destroy what few shreds of influence it still had in the Far East, it scarcely could have done so more effectively than when on Sept. 17 only twenty-one instead of the necessary thirty-four nations voted that China should be re-eligible for a seat on the League Council. By this action, and by giving Turkey the Council seat which had been China's, the Assembly left the Far East unrepresented on the League's central body. After this vote, and particularly after the complete failure of the League to deal decisively with Japan's violations of her obligations as a signatory of the covenant, it will be difficult to convince either the Chinese or any other Far Eastern people that the League really is interested in anything outside Europe.

Available reports, however, indicate that the Assembly's action aroused little feeling in China. The attitude was well reflected in the comment by Quo Tai-chi, China's Minister to London and spokesman at Geneva: "This vote against us," he said, "is the League's loss, not China's." Nevertheless, fear is being expressed in China that this action means that the League will abandon its efforts to assist China with technical aid and advice, especially as the vote followed other recent developments which have indicated a growing coolness in Geneva toward helping China in this way.

CHINESE MILITARY EVENTS

The anti-Communist drive in China has continued, and one success after another has been reported for the Nanking troops. But curiously enough, shortly after a victory in one place is announced, the dispatches state that the Reds have just captured another city, often not very far away. In the face of direct pressure at the centre, in Kiangsi Province, the Communist armies seem to be slipping eastward toward Fukien, southward toward Kwangtung and westward toward Hunan and Szechuan.

Meanwhile, a campaign to raise $1,000,000 (Chinese) by popular subscription to buy airplanes has "gone over the top," with some 103,000 contributors. Apparently the money is to be used to buy eighteen Curtiss-Wright Hawk fighting planes for Nanking's use. The authorities at Canton, in order to demonstrate that they can be as up-to-date as Nanking, as one story has it, are buying fifty planes and preparing for an effective air force of their own.

CURRENT HISTORY

DECEMBER 1934

The Bankers Sign a Truce

By ELLIOTT V. BELL*

ON the evening of Oct. 24, 1934, in Washington, the bankers of the country made peace with President Roosevelt. Yet, beneath the conciliatory words that were spoken, there was bitter feeling on both sides. After all, political truces like this spring from material motives, rather than from a change of heart.

The occasion was the annual convention of the American Bankers Association. Jackson Reynolds, president of the First National Bank of New York, spoke for the bankers. "Mr. President," he said, "I feel that the banking fraternity in the last two years has endured enough mass punishment so that it is now in such a chastened and understanding mood that you can accept with hospitality any overture of cooperation on the part of the leaders of that fraternity."

What was the nature of the "mass punishment" that had so humbled the bankers? To understand the frame of mind which gave voice to this plea it is necessary to recapitulate the history of banking from March 4, 1933, until the night in question.

On the morning of Saturday, March 4, 1933, the banking system of the country lay in ruins. The plague of bank holidays, which began eighteen days before in Detroit, had swept the country. New York, the last citadel, had fallen in the early hours of that morning when the Clearing House bankers, meeting in Governor Lehman's town house, had been informed that the Federal Reserve Bank did not have enough currency on hand to keep open; that for lack of sufficient Federal Reserve notes, it had, during the desperate last hours of the preceding day, actually paid out gold certificates where ordinary currency was demanded. But hope was at hand.

In an upper room of one of Wall Street's most powerful institutions a group of bankers gathered around a small radio to hear Mr. Roosevelt's inaugural address. They looked for reassurance in a tottering world. In-

*The author of this article is a member of the financial news staff of *The New York Times*.

stead they heard the new President say that the bankers had "failed through their own stubbornness and their own incompetence," had "admitted their failure and abdicated," adding that "practices of the unscrupulous money-changers stand indicted in the court of public opinion, rejected by the hearts and minds of men. * * * Stripped of the lure of profit by which to induce our people to follow their false leadership, they have resorted to exhortation, pleading tearfully for restored confidence. They know only the rules of a generation of self-seekers. * * * They have no vision. * * * The money-changers have fled from their high seats in the temple of our civilization."

These were inflammatory words. They bit like whips. The bankers winced. They got up quietly and went away.

In the dreary days of the ensuing bank holiday the bankers suffered a new and terrifying experience. Their future was at stake; yet they were not consulted. Instead, they were kept in deeper ignorance, it seemed to them, than other groups, for example, the press.

The Clearing House Committee, laboring to perfect a system of Clearing House certificates that would fill the gap in the currency system made by the hoarding of some $2,000,000,000 or more of money, following the pattern whereby they had more than once "saved" the country in past panics, was in the dark as to whether their plans would be approved by Washington. Even their old friend and associate, William H. Woodin, whose appointment as Secretary of the Treasury had been so reassuring, seemed to have forgotten the Wall Street bankers. They telephoned to the Treasury and got no answer.

One evening, after hours of consultation, the Clearing House bankers descended their marble steps to learn from waiting reporters that several hours previously Washington had announced plans for issuing an emergency currency which would make unnecessary the use of Clearing House certificates. The bankers' chance to regain prestige, to become the heroes of the hour by repairing the breakdown in the currency system, was snatched from them by a government only a few days old, not yet organized, but already contemptuous of bankers.

In the days that followed they were to learn more of these new terrors of darkness and uncertainty. In the drawing up of emergency banking legislation the bankers were not consulted.

When it is remembered what a premium banking puts upon early, accurate and inside information, it may be surmised what punishment, spiritual as well as material, was involved in this systematic keeping of bankers in the dark. The punishment was all the harder in that it contrasted so strangely with past conditions. In the dark days of 1932 President Hoover, an indefatigable user of the telephone, was often in communication both day and night with banking leaders. There were many midnight visitors from Wall Street to Washington, and on at least one occasion the entire corps of Wall Street bank executives was summoned to Mr. Mellon's apartment to devise plans for the National Credit Corporation which preceded the RFC.

In spite of this disregard for the bankers, President Roosevelt's handling of the crisis won Wall Street's admiration. When, having reopened the banks, he began to cut toward a balanced budget; when he restored the dollar to parity in the foreign exchange market, rebuilt the gold reserves of the Federal Reserve Banks to virtually the highest in their his-

tory and began to shape plans for the London Economic Conference, the most inveterate Tory confessed that this was a President beyond the fondest dreams of financial orthodoxy. Then came the blow.

The suspension of the gold standard in April, 1933, a deliberate, cold-blooded act of repudiation, as most bankers saw it, bewildered the "Street." The President, yielding apparently to the inflationist sentiment in Congress, threw away the results of all the work that had so won their admiration, shattered his campaign promises, burned the planks of his Democratic platform and unloosed the terrible threat of inflation.

Now the old bitterness returned. The rankling memory of the epithet, "unscrupulous money-changers," the ignominy of being disregarded and kept in ignorance, were reinforced by this seemingly willful violation of sound monetary principles. There was one notable exception to the Wall Street surge of indignation. J. P. Morgan issued a statement commending the action of the President.

There followed a series of monetary moves, cumulatively distressing to conservative banking opinion: The Thomas inflation bill which put a pistol tc the head of the Federal Reserve System by confronting it with the threat of $3,000,000,000 of fiat money; the sudden sinking of the London Economic Conference by the message of July 3, with its reference to "old fetiches of so-called international bankers"; the "commodity dollar" experiment in gold-price manipulation and the silver proclamation of December, 1933, authorizing the purchase and coinage of newly mined silver at far above the market price. There were, too, alternate waves of "sound-money talk" and "inflation talk," which synchronized, or so it seemed, with the Treasury's financing.

These monetary measures had not been the only points of friction between the bankers and the administration. The Senate investigation opened old sores and sins of the boom period. Hand in hand with this public pillorying had gone a searching drive by Treasury income-tax investigators, directed with a zeal that seemed more than-public-spirited. The bankers lived almost under a reign of terror.

At the height of this terrorism, at a time when few bankers dared to speak out, Congress enacted laws vitally affecting banking. These included the Banking Act of 1933, with its obnoxious provisions for deposit insurance and its abrupt dismemberment of banking affiliates from their parents, and the Securities Act which, in its original form, imposed upon investment bankers and the officers of borrowing corporations liabilities which paralyzed the capital market. The Securities Exchange Act, in its original draft, contained provisions which would have involved a deflation of bank loans more devastating than that brought about by the depression.

As an overtone through those troubled days ran a steady stream of criticism voiced by men high in administration councils. The bankers made one desperate stand against this criticism and were repulsed under circumstances which further deepened their bitterness and alarm. This was at the annual convention of the American Bankers Association, held in Chicago, hotbed of banking indignation, in September, 1933.

Gathering in a belligerent mood, under the leadership of the late Francis H. Sisson, vice president of the Guaranty Trust Company, they prepared to strike back at their detractors. Mr. Sisson sounded the keynote of the convention by declaring that "repeated

assertions by administration officials that the banks are culpable * * * are * * * absolutely unjustified, and any attempt to establish such an alibi for failure can only result in ultimate exposure and disgrace." The bankers, through Mr. Sisson, cried out against the "darkness and lack of information" that had enveloped them, "especially when these conditions are played on by political witch doctors for their own ends." They passed resolutions damning the Banking Act of 1933 and the unsettled state of the country's monetary system. But their hour of defiance was short-lived.

The administration had demanded and received a place on the program for its spokesmen. It sent Jesse H. Jones, chairman of the RFC; Eugene Black, governor of the Federal Reserve Board, and J. F. T. O'Connor, Comptroller of the Currency. Mr. Jones, speaking with no attempt to conceal his irritation, let loose at the sullen bankers. He deepened their fears of government control by informing them that they would be required to sell preferred stock to the RFC. "Be smart for once," he said, warning them that if they refused to do as they were told the government would take over banking. He ridiculed and blasted their hopes of repeal of deposit guarantee.

Mr. Black sympathized with the bankers, but brought them even less hope. Mr. O'Connor, chuckling happily at his own jokes, calmly announced that plans had been completed for inaugurating Federal deposit insurance at the first of the year.

The groundwork for the reconciliation between the bankers and the administration a year later was probably laid in the crushing defeat at Chicago. Wiser heads among the bankers began to realize then that an open fight upon the administration was hopeless. During the remainder of the year there was a concentrated attack upon the administration's monetary policy, but it was led by such former administration advisers as James P. Warburg and O. M. W. Sprague, seconded by various academic and political groups. Professional bankers, apart from Mr. Warburg, carefully kept out of the arena, however much they sympathized with the sound-money gladiators.

The closing months of 1933 marked the highest pitch of banking fear and hatred of the administration's policies. This was the period when Jesse Jones, in his campaign to put $1,000,000,000 of government money into the capital of the banks, forced the larger banks of the country one by one to accede to his demands. Much as they feared the control of the government, many of the banks had little defense—they needed the money if they were to put their houses in order. Within a few months the RFC became the country's largest bank stockholder.

The beginning of 1934 marked a new phase in the struggle between the banks and the administration, the beginning of a conciliatory effort to influence the course of legislative and administrative action, not by obstruction but by friendly advice and propaganda. It can only be surmised what part the banks played in persuading the administration to stabilize the dollar at 59.06 per cent of its former parity, but weeks before this event leading Wall Street bankers had begun to talk about the necessity for giving up the impractical demand for a return to the old parity on a full gold standard and the advisability of a compromise with the inflationists which would "freeze" the dollar at its then current level of depreciation, about 64 cents.

The revaluation at 59.06 cents,

while a little worse than had been hoped for, seemed to the bankers a victory for sound money. The President's budget message of January had given additional reassurance.

For the next few months the money question ceased to be an issue. In other directions the bankers made progress. Working through the Reserve City Bankers Association, an organization of large city bankers, they secured some concessions with respect to deposit insurance. The chief of these was the extension by Congress for one year of the temporary form of deposit insurance, which limited the liability of banks in the fund, in contrast with the unlimited liability entailed in the permanent plan.

Matters were in a fair way when in midsummer the money question rose again to plague the bankers. The passage of the Silver Purchase Act and the nationalization of silver, accompanied by widespread rumors of renewed devaluation of the dollar, induced in the bankers a sense of betrayal. This was heightened by the sudden alarming spread of reports that the administration was planning the creation of a government owned and controlled central bank to supersede the Federal Reserve System. A new wave of inflation fear swept the financial markets. It coincided with the Treasury's refunding of $1,250,000,000 of Fourth Liberty Loan bonds, called for retirement on Oct. 15.

Common sense and emotion contended in this episode. On the one hand, the bankers held more than 50 per cent of the government's outstanding debt, had invested an average of more than one-third of their deposits in government obligations. Obviously, a collapse in the government's credit would have carried them down to ruin. On the other hand, many bankers, including some who were not far removed from the plotters of the subsequent reconciliation, openly longed to teach the administration a lesson by showing that it could not play fast and loose with the currency and still expect to sell an unlimited amount of government bonds.

In September small banks and investors throughout the country were selling their holdings of government bonds in fear of a collapse of the national credit. The Wall Street banks stood firm, but there was nothing else for them to do. Any attempt to "get off the hook" would have brought the house down about their ears. It is also true that they reflected a "bearishness," no doubt genuinely felt, about the future of government credit, and, in the case of at least one or two institutions, frankly advised industrial clients to sell government bonds.

For this they received their chastisement in due course. In his "fireside chat" of that month President Roosevelt compared them invidiously with British bankers. It was a blow below the belt. It overlooked the fact that the banks in this country had carried alone the burden of financing the New Deal, that they held 55 per cent of the government debt, whereas the British banks held only 11 per cent of their government's debt. American bankers, however, had given freely of their services to facilitate the government's refunding, even going so far as to pay for advertising their free services. The British banks, on the other hand, received commissions on their dealings in government bonds. Finally, the President ignored the fact that our refunding was entirely different and far more disconcerting to bankers than was Britain's War Loan refunding.

In England bankers "wrote the ticket" for the War Loan conversion and included in it a balanced budget.

Here the bankers, as the principal holders of the Fourth Liberty Bonds, were asked to convert short-term high interest-bearing securities into longer-term, lower interest-bearing securities at a time when the government was running the highest peacetime deficit in history, when the government debt was at a new peak and rising and when grave dangers of inflation threatened and bankers themselves were being flouted. Naturally the President's slur rankled like that old epithet of "money changers." It was to return to plague the President and the bankers who sought a reconciliation.

By this time, however, the big city bankers had acquired wisdom. There were more important matters at hand than revenging an insult. Whether the returns from the political front indicating the hopelessness of earlier expectations of Republican inroads upon the New Deal had anything to do with it may be left to surmise. In any case it was plain that the bankers would have to live with the President for years to come; that they could hope for nothing by obstructing him, and that cooperative efforts had brought some success. It did not much matter if he called them names. What did matter was that there should be an opportunity to present their viewpoint to him and his administrators; that there should be preserved an avenue of communication in order that the darkness and ignorance in which they had labored might not be perpetuated and deepened.

A series of White House calls followed. James H. Perkins, chairman of the National City; William E. Potter, chairman of the Guaranty; Russell C. Leffingwell of J. P. Morgan & Co., Mr. Reynolds and others visited the President in quick succession. Governor Harrison of the Federal Reserve Bank of New York spent a week-end fishing with him. It was during these calls that a "plot" was laid to effect a reconciliation.

But the conspirators had to keep the plan secret. There was ample reason why the big city bankers should seek an entente between themselves and the administration; for the small town and country bankers it was different. Nothing was to be gained by them from giving lip service to the Roosevelt policies which they feared and hated. But beyond their dislike of administration economics were the Roosevelt insults. What rankled was the epithet "money changers" hurled at them in the President's first utterance as Chief Executive of the nation, the slur upon their patriotism in the fireside talk of September and the insults heaped upon them by administration spokesmen in the past twenty months.

City bankers were used to insults. It was no new thing for politicians to use them for whipping boys in the heat of a campaign and then creep privately to their offices to do the necessary financial business of the community. The country banker, however, lived on prestige. He was the biggest man in town. Hats came off when he went down the street. Every committee, political and social, waited upon him. Every business man sought his favor. Even the terrible slaughter of the depression had not altered this.

Into this heaven of banking prestige had been hurled the thunderbolts of ridicule and contempt, loosed by the highest hand in the country. The President of the United States had set a precedent for jealous fellow-townsmen to revile the banker, for catty women to vent their spleen upon the banker's wife. A wave of bawdy jokes, making a butt of bankers, swept the country; "Did you hear about the big scandal in Tennessee? A white woman mar-

ried a banker." Wall Street might swallow its pride and cravenly sue for peace, but the country banker wanted revenge.

He went to the 1934 convention of the American Bankers Association in the same frame of mind in which he went to Chicago last year. But the city bankers with their scheme of peace had been before him. A few inflammatory speeches, assailing the President and his policies, did cause the city bankers a troubled day soothing the ruffled feelings of the administration and muffling the country bankers. Then the city bankers effected their truce. That the full effects might be applied to public psychology, a public ceremony was staged. Before the 4,200 bankers of the convention Mr. Reynolds made his plea. The President, as befitted his high office, accepted graciously, but not warmly. The bankers went home variously impressed.

The majority, comprising nearly all the country bankers, found no balm for their wounded pride in the President's words. On the contrary, they winced at the humility that had been assumed by their spokesman. Their spokesman? Actually the whole ceremony was a complete surprise to all but a few of the 4,200 or more bankers present. They had not selected the speaker or approved his address in advance. Probably nothing like approval could have been secured in advance if it had been attempted. Only two days before the same bankers had cheered speakers who had attacked the President as "unfair" to bankers; the next day they cheered a speaker who struck at the administration and its policies with both fists. To many of them it appeared as though Wall Street, in a cowardly sacrifice of principle to profit, had sold them out, had run up the white flag while they slept.

That the bankers' truce was a Wall Street conspiracy—one of the few authentic examples on record—was apparent. The conspirators were known, although the precise rôles they played are still in doubt. The House of Morgan was among them. Indeed, it appears as though for the first time in five years that institution assumed the leadership which has commonly been ascribed to it by the world at large.

The Federal Reserve Bank of New York was one of the stage managers. But there were others, too. Most of the Clearing House banks, as well as the officers of the American Bankers Association, none of whom are connected with Wall Street, and the heads of large banks located in the twelve Federal Reserve cities were at least passive, if not active, participants.

Stage-managed as it was, embittered as its signatories may still be, the bankers' peace of October, 1934, may yet prove a significant historical event. To the bankers it signifies that the White House door, closed against them for so long, has been opened. Possibly it is only ajar, but at least some light should flow through the crack to relieve the darkness and uncertainty in which the bankers have lived. Through it they may hope to pass some word on prospective legislation which affects them or on the administration's economic policies. To the government it means an easier task in financing the New Deal. In addition, an ally has been found against a too unruly Congress, and a source of discontent and criticism has been at least partially appeased. Finally, there should be an alleviation of that strife between financial and political leaders which has certainly delayed the return of that important economic factor which goes by the much-abused name of confidence.

America's Need of Sea Power

By HERBERT COREY*

THE American attitude at the naval conference in 1935 will be determined by American naval necessities. World problems are again being viewed realistically, as they were in the days of Grover Cleveland and Theodore Roosevelt. Idealism and altruism have been tried and—to be blunt about it—they have not worked. The administration is sincerely desirous of obtaining a reduction in world armament. It is, so far as one can see, backed by majority opinion. But reduction will not be solely at the cost of the United States in 1935. America will not again offer other nations rewards for good behavior. It is not that Americans have turned cynical; they have merely learned to recognize facts.

The preliminary naval conversations in London have already made it abundantly clear that the 1935 conference will centre upon the Pacific problem, although there are other problems to share the attention of the treaty powers. But until the troubled situation in the Far East is cleared up little can be done. Japan has declared that the word "ratio" is offensive to her, and has insisted that the other powers grant her an equality in defense "in principle." Her reading of this theory appears to be that she shall be granted a sufficient weight of defensive ships to give her the absolute and unchallenged control of Far Eastern waters. At the same time Great Britain and the United States are asked to cut down their present allotment of heavy battleships, both in weight and in numbers. If that proposal were to be accepted it would amount to precisely this: Japan could do as she pleased in Asia and no other power would be in a position even to question her.

That this will be vigorously opposed by the United States is certain. Great Britain presumably will at least in part support the stand of the United States. This position may be traced back to the Washington conference of 1921, though its genesis is of still earlier date.

Of the two accomplishments of the Washington conference, the lesser in importance has had most of the world's attention and the other has been almost forgotten. The striking achievement, brilliant in conception and execution, was the limitation of naval armaments which Secretary of State Hughes generously offered on behalf of America and which was accepted in modified form by the other powers represented at the conference. When this agreement was made a flame of enthusiasm swept across the world. The feet of the nations had, it

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This article follows Hector C. Bywater's in CURRENT HISTORY for October which gave a British view of the issues of next year's naval conference and Captain Gumpei Sekine's in the November number, which presented the Japanese official attitude.

seemed, been at last set on a path that drew onward and upward. Navies were confidently expected to dwindle into nothingness as time went on. To certain influential thinkers universal peace seemed to be just around the corner because, according to them, wars take place when men are armed. They forgot that men are armed because war may come.

Actually, reduction in armament was made possible at the Washington conference only because the powers concerned had decided to jettison the Anglo-Japanese alliance. No one who was in close touch with the situation in 1921 can forget the days of tense excitement while this question was being debated. The conference had been called and the delegates with their aides were already in Washington. But a delay followed that was at first inexplicable. Then, little by little, from behind the screen of silence maintained by the delegates, it leaked out that unless the Anglo-Japanese alliance were ended the conference would come to nothing.

Great Britain and Japan had for their own purposes made this alliance. But during the World War Japan revealed the policy she has consistently followed toward China and attempted to raid that shapeless and headless country under the banner of her Twenty-one Demands. The Western powers compelled her to withdraw from this position. Although Japan had been of some value to the Allies during the war in protecting commerce on the Eastern seas, when the war ended Great Britain was content to withdraw from the alliance. In urging so strongly that the alliance be voided, the United States was actuated both by motives of sentiment and a natural and laudable desire to increase its commerce. We wanted the doors of China kept open.

Japan consented—and until she did the conference was at a standstill—to end her alliance with Great Britain. But she exacted her full pound of flesh. For a two-power pact Japan obtained a four-power pact. Instead of being the partner of one great nation she became the associate of Great Britain, France and the United States. From second rank she rose to first at a bound. But that was not all. She consented to the 5:5:3 ratio on the assumption, assented to freely by all, that it would give her perfect defense, her geographic position being what it is. The Japanese delegates in addition demanded that the fortification of the Pacific islands be forbidden by the powers holding them as of former right or by mandate. They insisted that Great Britain should stop the fortification of her Hongkong base and that the United States should not further improve the bases at Guam and in the Philippines. Without these bases and without other protection on the islands it would be impossible for the United States to hold the Philippines against a determined attack.

These demands were granted because the Western powers believed that they were thereby making war in the Far East impossible. The sea distances are so great that the absence of effective bases must discourage any prospective belligerent. Britain and America further understood, quite definitely, that the value of this concession to Japan's security was not to be increased by the unlimited building of auxiliary vessels by Japan. But this understanding is now challenged by Captain Gumpei Sekine in November CURRENT HISTORY when he says that the Japanese naval authorities consented to the proposals "with the understanding that we might carry on unlimited building of auxiliary vessels."

In order to obtain for Japan the inestimable gift of perfect security and what amounts to the grant of a free hand in China the United States gave up the naval dominance of the world. At that time the American Navy was becoming the most powerful the world had ever seen. The British Navy was second in point of strength, although burdened by some vessels which were approaching the age of obsolescence. Though the Japanese Navy was new and powerful, it was less than 3 to 5 of ours, but Japan had become so conscious that the Western nations were looking with suspicion upon her adventures in China that she was building at a rate she could not afford financially to maintain for long. There was no naval race between Japan and the United States at this time, as has so often been said, even if both countries were overbuilding, and though friction was growing, there was no apparent danger of war between them.

The 5:5:3 ratio and the consequent naval holiday, which were not possible until the Anglo-Japanese alliance had been ended, reflected the world-wide weariness of war and the restiveness of taxpayers at the thought of continuing to shoulder burdens in peace which they had borne with more or less resignation during the war. The 5:5:3 ratio was adopted solely because it was a rough-and-ready device that avoided the intricacies of each nation's needs and corresponded with each nation's naval strength at the time. In each country a number of ships considered as surplus by the statesmen of the day were lopped off the estimates, so that in relative strength the three nations were left precisely as they were before.

In the decade that followed the United States refused to build up to treaty strength. There was a persistent belief, spread by important, extremely vocal and very well financed societies of pacifists, that if America did not maintain her navy at treaty strength the other nations would presently be overcome by shame and would likewise stop building. Needless to say, no other nation followed the American example. In 1926 President Coolidge tried to rouse their consciences and asked that they meet in Europe to agree upon a formula for further disarmament. The results of that conference were so disheartening that in 1928 Mr. Coolidge announced a program for shipbuilding, and followed it with a note in which he commented bitterly on the unfairness with which America's disarmament suggestions had been received.

During this period Americans did not seem to realize that failure to keep the American navy built up to treaty strength had dislocated the disarmament agreement of 1921, for which the world gave the United States almost exclusive credit. Theodore Roosevelt's advice had been forgotten. We were walking softly but we had thrown away our big stick. No one listened to us in international conference.

In 1933 a change took place in the American attitude, as represented by the administration and by popular opinion. Americans again became conscious of sea power. This is seen in many ways. The talk in public places is almost invariably resentful of the weakness into which the United States has fallen on the seas. When President Roosevelt asked for generous support for his program to rebuild the navy, it was granted by Congress with what amounted to enthusiasm. Representative Vinson, author of the bill which provided for the first long forward step toward a stronger navy, declared on the floor of the House that if the other nations would not

disarm with us we would build with them: "Our past negligence is not to be taken as a prophecy. We will match them ship for ship and gun for gun."

Congress, always in close contact with the voters back home, would not have maintained this new enthusiasm for the American navy without certainty of voter support. In 1933 and 1934 laws were enacted and orders issued that will bring the navy to its full treaty strength by the end of 1942. Until then it must lag sadly behind the British and the Japanese. Great Britain will have built to treaty strength at approximately the end of the treaty period. Japan now is practically built to treaty strength.

Americans have noted the candid and well argued refusal of Great Britain to reduce her naval protection for reasons involving the national safety. Every one of those reasons may be applied to the position of the United States, and to the demand of Japan that she be given full naval equality on pain of voiding the existing treaty. Americans may hope that the world may be spared another war, and to be prepared if war comes, but they know now that a neutral nation is merely the handmaiden of the strongest belligerent if she is not prepared to defend her rights upon the sea. Three times America has been forced into war to protect her right to trade at will—once with France, once with Great Britain and once with Germany. The two other major maritime nations are likewise determined to make sure of safety. Japan has lost no opportunity to declare that if she is not granted precisely the formula she thinks essential, she will withdraw from the conference. On the authority of Hector C. Bywater, writing in October CURRENT HISTORY, "Great Britain may be expected to drive a hard bargain."

The conference of 1935 very likely, then, will bear only a remote resemblance to that of 1921. The end desired at each conference remains the same. Each of the treaty nations hopes to acquire some assurance of enduring safety. The conditions under which that end will be sought have been altered. The United States is no longer under the spell of an evangelistic fervor. It has realized that statesmanship may not safely be governed by sentiment. Its delegates will not attend the conference bearing gifts but to make certain of American security. At once it becomes evident that the conditions facing the three maritime nations are quite dissimilar.

Great Britain must retain command of the European waters. This is possible only with a strong fleet based on her home ports. At the same time her widespread trade routes must be protected. Her long string of fortified bases—Gibraltar, Malta, Egypt, Aden, Bombay, Colombo, Hongkong, Sydney, Auckland, Esquimalt, the West Indies and Bermuda, not to speak of the $50,000,000 base now being rushed to completion at Singapore—enable her to do this with a minimum of sea power. But America can protect her merchant vessels in time of war only with ships able to keep the sea for a long period and steam great distances.

It is this fact that prompts the suspicion that Mr. Bywater was indulging in gentle humor when he wrote that "the United States, if called on to state her reasons for demanding a navy second to none, would have to appeal to academic rather than to concrete principles." Washington, he declared, can afford to view the development of sea power by other nations "with Olympian calm and detachment." He admits that Americans would properly resent a foreign at-

tempt to suggest, if not dictate, "the limits to which the United States Navy should be developed," but he argues that we have no need of a navy "second to none" except for considerations of prestige.

An examination of the American case does not support this assumption. There will be no attempt to return to that position of apparent dominance in world naval affairs that the United States held in 1921. That position was voluntarily abandoned. We were able to obtain for other nations and ourselves an arrangement which promised to give to each the safety it desired and which would not give any nation preponderant strength if the other nations built up to treaty limits simply because we had something to pay for their consent. Today the American navy is definitely in the weakest position. Great Britain is in fact stronger on the seas. Japan is sheltered in an impregnable fortress.

The United States Navy is a national institution, not a political influence or a political factor. One after another the various Secretaries of the Navy have formally stated its purpose in terms almost identical with the words used by Secretary of the Navy Swanson in 1933: "The fundamental naval policy of the United States is to maintain the navy in sufficient strength to support the national policies and commerce and to guard the continental and overseas possessions of the United States."

National policies are invariably economic. The effort to earn must be accompanied by an effort to retain what has been earned. For the United States, as for Great Britain, the navy is the first line of defense. If we look at a map of the world it becomes clear that the United States is, except as to Canada and Mexico, virtually an island. Our relations with all other countries, friendly or hostile as they may be, depend on sea power. Our navy is as important to us as the British Navy is to Great Britain. Without it our foreign commerce and our merchant fleet must be injured and perhaps destroyed in time of war. Injury of that kind is sometimes irreparable, as was demonstrated during our Civil War.

A national policy that cannot be successfully maintained must be abandoned if challenged. An inquiry into the permanent policies of the United States which the navy may be called on to uphold seems advisable. First in point of age is that of political isolation. The United States often cooperates with other nations for a given purpose but never enters into a treaty of alliance. This may on occasion call for a naval force strong enough to protect American liberty of action. The Monroe Doctrine is the immediate junior to the doctrine of isolation. It has twice been challenged. In 1864 a strong American navy and army prevented Maximilian I from seizing Mexico and in 1902 the navy compelled Germany to withdraw from its position in regard to Venezuela.

Conditions in the Caribbean area naturally come under the general head of the Monroe Doctrine. If the Panama Canal were closed in war American naval forces might be divided. Although the army is entrusted with the defense of the canal, the navy must be responsible for the provisioning of the fortress. It is true that the United States abandoned its position as a defender of neutral rights during the World War; yet this did not take place until we were a party to the conflict. If there should be another war in which American sympathies were not so strongly engaged as in 1917, the nation would maintain its

traditional position. The doctrine of the Open Door in China is in abeyance just now, but no one knows what might happen in the future. The present restrictions upon immigration may at some time be challenged because of the temptation offered by the wealth of the United States. If the bars were let down the story of Hawaii would undoubtedly be repeated, and California would become a Japanese coast.

That the retention of American possessions in the near Pacific is a permanent policy will not be questioned. To this is added the perplexing problem posed by the Philippine Islands. At the end of a ten-year period the Philippines may accept independence. In any case the United States is left in an unenviable position. By the Washington treaty the bases of Corregidor and Guam may not be further fortified. They could not withstand attack by a strong force for long. Without such bases the United States would be at a very serious disadvantage in Far Eastern waters. If the Philippines elect to become independent America has reserved the right to retain these bases. This amounts to a resignation of commercial profit and a retention of responsibility.

European commentators have taken the position that the two long sea coasts of the United States could not be successfully blockaded in the event of war. Nevertheless, it would be serious if a fleet of superior strength were to hold position on either coast. The fertile inland country would furnish food in abundance, but it would be at least theoretically possible for fast war vessels and bombing aircraft to raid the coastal cities unless we had a naval force able to keep the coasts free. The narrow seas of Britain seemed to be comparatively easy to defend. Yet German raiders were able to get through the cordon frequently enough to cause annoyance, even if the British were neither frightened nor disheartened.

Moreover, five years of depression have taught Americans that a considerable share of their comfort and prosperity has depended on foreign trade. Congress has continued to appropriate money to aid the American merchant marine in spite of frequently voiced criticism of the manner in which the United States Shipping Board has conducted its affairs. The generous Congressional grants for the building up of the navy were based in great part on the need of protecting the merchant fleet in time of war. There is no disposition on the part of the American public to depend on the friendly offices of another nation for this protection. Secretary of Agriculture Wallace sent up a trial balloon when he suggested that the United States might gain through the payment of the war debts if the ocean-carrying trade were turned over to other nations. The hostile reception given that idea was extremely significant.

It is ridiculous to suggest that the United States and Great Britain will ever again engage in war. The two countries have occasional tiffs but on the whole understand each other fairly well. But it does not follow that if we were at war with another nation Great Britain would be so altruistic as to protect our merchantmen. Her own national interests would quite properly come first. Unless we can defend our merchant ships the commerce they carry must very largely go to the ships of other nations able to defend their carriers. British statesmen want a defense at sea suited to Britain's peculiarly fortunate position. The American naval problem differs in pattern but not in

magnitude from that which Britain faces. In some respects the two countries are following a curious parallel.

An agreement of a sort was reached by Great Britain, the United States and Japan in 1930 because of the similar purposes of the British and American governments. A Labor government in London was, to quote Mr. Bywater, "anxious for party purposes to achieve a spectacular coup in the realm of high politics." The Hoover administration may have been actuated by much the same motives as well as by a conviction that a reduction in armaments would eventually ensure world peace. This left Japan in a position to get her own way. Her ratio was increased from 5:3 to 5:3½, and by that much her position in the Far East was strengthened.

Precisely as in this country official opinion and popular sentiment seem to be in agreement that the United States will not again attempt to secure world safety by giving its own weakness as a bond, so the dominant political parties in Great Britain have declared themselves in opposition to further disarmament. The British naval budget has been increased, 2,000 have been added to the fleet personnel and it has been decided to build heavier cruisers to match the 10,000-ton cruisers which the United States insists are essential to the safety of its commerce. The British base at Singapore is indispensable to the protection of Britain's Asiatic interests in the event of a war in the Far East. The base at Hongkong is, according to press reports, being improved so far as is possible within the limits of the Washington treaty. Mr. Bywater has suggested that if America resigns the Philippines our Asiatic squadron would be withdrawn. It is only necessary to point out that this squadron was permanently stationed in the Far East long before we took possession of the Philippines.

At the 1935 conference American eyes will be turned toward the Far East. Our relations with Japan have not been altogether pleasing. In an attempt to maintain the provisions of the Four-Power Pact, which was later supplanted by the Nine-Power Treaty, both of them designed to protect China and maintain peace in the Far East, the United States protested against recent Japanese action in Manchuria and China. No support was offered by the other signatories to these treaties, and Japan had her way. The United States was allowed to bell the Japanese cat all alone. The British Government ultimately issued a statement to the general effect that the Japanese explanations had been satisfactory.

Even before Japan was assigned the former German islands in the Pacific under mandate she was virtually immune to successful attack. Her mainland is in reality one great fortress, lying behind a series of highly defended bases which parallel the coast of Asia for 2,600 miles. They reach from her northernmost outpost in the Kurile Islands to Formosa. This Gibraltar of the East lies within 250 miles of the Philippines, on which the United States has a very imperfectly defensible base. If it were possible for an enemy force to penetrate Japan's island screen and set foot on the mainland it would only be to meet one of the two most formidable armies in the world.

Japan now owns two-thirds of the Sea of Japan. The narrow straits of Tsushima, in which Admiral Togo destroyed the Russian fleet in 1904, provides the only southern entrance. It is commanded by long-range batteries on the Korean shore. The three narrow ways which give entrance from the north—the Tartar Straits,

the La Perouse Straits, and the Tsugaru Straits—could easily be closed by mine fields and fortifications. As long as the Sea of Japan is in effect a protected waterway to the Asiatic hinterland Japan is in no danger of a shortage of food or raw materials. To the south lie 1,400 islands that would have to be cleared one by one if an enemy fleet should attempt to penetrate to the Japanese coast. Each would provide a base from which bombing aircraft and submarines might operate. Through her bases at Formosa, in the Pescadores and in the Nansei Islands, Japan has control of the Yellow Sea.

Captain Sekine, writing in CURRENT HISTORY for November, says: "Our [the Japanese] treaty navy, even if it were built up to its 60 per cent allotment, could be but 36 per cent effective in actual combat against an opposing naval force of 100 per cent" in obedience to the law of N square. He ignores the fact that all naval battles have been fought close to shore. Therefore, if the United States fleet were to attempt aggressive operations on the Japanese coast the Japanese could use all the shore-based aircraft as well as the smaller vessels of types which Japan has been building actively in the past few years. Captain Sekine likewise ignores the fact that sea power is built of combatant ships, plus merchant marine, plus defended bases. In the Far East Japan is superior in these factors to the United States. She has already built to treaty strength, whereas the United States will not reach that position before 1942. Captain Sekine in his article considered only combatant naval strength and omitted to mention the other factors of the situation.

The United States, moreover, is compelled to consider the national attitude of the Japanese. They are essentially a military people, rightfully proud of their traditions, and able to point to their successes of the past half century as an evidence of the wisdom of their course. Their territories have been added to by the sword, with the result that other nations are forced to scrutinize closely every move made by Japan.

It is difficult, therefore, to accept Captain Sekine's argument that what has seemed aggression to us has been in each case an act of legitimate self-defense. Nor can his insistence that the fact that the Philippines may gain their independence "is a purely domestic problem of the United States and has nothing to do with naval disarmament" be easily reconciled with the Japanese position at the Washington Conference in 1921. Japan was then willing to accept the 5:3 ratio on condition that there be no further fortifications in the Far East. Now she insists that these restrictions be retained, but declines to consider them as a quid pro quo for the maintenance of the present treaties. Japan would eat her cake and have it, too.

The nearest American naval base is Hawaii, 3,400 miles from Manila. If there were war with Japan and the United States battleship fleet were ordered to the East, it would arrive at Manila, an almost undefended port, with greatly depleted fuel supplies. The strong Japanese battle fleet, supplemented by land forces, might quite possibly succeed in reducing Corregidor long before the American fleet could arrive. It follows as a matter of course that the American fleet must consist of the larger types of battleship, with abundant fuel capacity, in order that they might be able to keep the sea. If the Japanese demand that ships of this class, which she has defined as "offensive" weapons, were to be accepted as such by

the 1935 conference, the United States would be helpless in the Far East. An alternative might be the raising of the present prohibition against the fortified bases, but this is unlikely both because the United States would not care to do anything that might be construed as provocative and because of the opposition that Japan would certainly offer.

Perhaps the most striking statement in Captain Sekine's discussion of Japan's naval needs is that, "even granting that the facts justify America's attitude toward her markets in the East," it must be remembered that markets only exist where there is peace and that it "would be impossible for any country other than Japan" to keep the peace in the Orient. The implications are inescapable. Japan may not be opposed to the Open Door, but she proposes to keep her hand on the latch. To this frankly exposed determination America will assuredly be opposed at the 1935 conference. Such a situation undoubtedly has within it the seeds of trouble.

Before the Pacific position can be considered at the 1935 conference, it may be that the European enigma must first be solved. France and Italy are showing signs of engaging in a naval race of their own. Germany has already produced a "pocket battleship" that is obviously feared by the other European powers. Great Britain, in order to protect her own position, may perhaps have to insist upon a strengthening of her forces, and the United States would then in turn be forced to add to its line of battle. In any event the American position is in effect what it was in 1921. The goal of American effort will be so to distribute sea power that no single nation may again regard the sea as its private dominion and to reduce the burden on the taxpayer. In the background will be the conviction that sea power is more safely entrusted to nations that live by trade and therefore desire to promote peace, and that have no huge standing armies. Precisely what technical means will be utilized to this end have not been disclosed, as this is being written. It is difficult to obtain parity by means of a formula. The international position has changed since the time of the Washington treaty, when it was possible to obtain an agreement by what Mr. Bywater well describes as rule-of-thumb methods. Now the situation as among the powers is more intricate.

To the best of American ability, every chance was given to good faith and fair play in 1921 for the sake of world peace. Little came of these sincere efforts. The hope that other nations would reduce their armaments if the United States led the way proved illusive. As American sea strength waned American influence in the councils of the nations grew weaker. It may be assumed that an agreement of some sort will be reached in 1935. A nation would be ill-advised to take steps that might result in another naval race. Nevertheless the situation today, as compared with that in 1921, obviously contains far more threatening elements and greater possibilties of danger.

Hints to New Deal Critics

By LINDSAY ROGERS*

EVEN the most undiscriminating supporter of what is generally described as the New Deal can hardly deny that questioning and criticism are now more vociferous than a few months ago. In many quarters optimistic hopes have been apparently supplanted by examinations of reality which are both sympathetic and hostile. For this change in the public mind explanations will be almost as numerous as the explainers.

Manifestly a principal cause is the more critical scrutiny by portions of the public of the impact of various legislative and administrative policies. The sum of the portions is not greatly less than the sum of the public. Moreover, some of those directly affected are becoming disaffected. But apart from the caress or bite of particular policies, there are, I think, certain general factors which are always important obstacles in the way of any program which emanates from Washington. They exist irrespective of whether what is attempted is "sound" or "unsound." It is worth while to review these obstacles; critics may be less carping if they have them in mind.

First, however, attention should be called to one method of attack which is the more unfair because it promises to have some effectiveness. Certain critics manifest a growing tendency to exhume promises made during the Presidential campaign and to point out that they are contradicted by the administration's performances. Definite promises were made to balance the budget, to reduce Federal spending, to abandon the "unsound policy of restricting agricultural production to the demands of the domestic markets," and to remove "government from all fields of private enterprise." Every schoolboy knows that these promises have not been kept, but what of it? To ask this question is not to take the cynical view of a party platform as something to get in on and not as something to stand on after one is in. Nor is it to accept lower standards of veracity during campaigns as well as before a wedding and after fishing.

The fact is that the situation confronting the country and the incoming administration in March, 1933, was vastly different from the situation which existed in the Summer and Autumn of 1932. Some may argue that the ominous blackness of March, 1933, resulted from lack of collaboration between outgoing and incoming administrations during the previous four months. But the Constitution and the laws ordained the interregnum and an almost superhuman degree of disinterestedness and mutual confidence would have been necessary to make the interregnum ameliorating instead of devastating.

Since it was the latter, measures had to be taken at once to stop further destruction and to attempt repairs

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of the ruins. Should there have been hesitation because of campaign pledges? "A foolish consistency," said Emerson, "is the hobgoblin of little minds, adored by little statesmen and philosophers and divines." Any attempt at consistency would have been foolhardy as well as foolish. What has been done since March, 1933, should be judged on its merits and no attempt should be made to blanket it under an indictment drawn so as to impress the unthinking—a general indictment that what has been done does not jibe with the promises of candidates and party.

Events made the promises either impossible of fulfillment or inadequate to meet the emergency. A new program was therefore prepared and it should be judged on the basis of whether its individual parts and its ensemble were as good as they should have been and whether their execution has been efficient. Whatever one's judgment by these standards—whether one thinks that everything has been perfect or whether one thinks that there have been unwisdom in legislation and incompetence in administration—one must, as I have said above, admit the existence of certain general obstacles to any program.

These obstacles are institutional and sectional. They are a bulwark of the elements in the community which, naturally enough, strive to protect their vested interests. First in importance among the institutional obstacles is the impotence of the instrument of party as an aid in the passage and execution of Congressional statutes. An important corollary of this impotence is the incompetence and irresponsibility of the opposition.

The unreality of party divisions in the United States is no new discovery. It has long been recognized. We have a two-party system, but our two parties do not function at all in the way in which the theory expects them to function. A party, the theory holds, should play the rôle of a broker. It should select issues and put them up for sale to the electorate. This means that each party must put forward a reasonably consistent view of the main issues demanding political settlement at any given time and should make proposals for the manner and method of the government's dealing with them. Differences in detail there may be, but substantial agreement on broad fundamental issues is essential. One of the two parties, when in power, can try its program. It is responsible for getting that program on the statute book and then for its execution.

Popular approval will continue the party in power; unpopularity will lead a sufficient number of voters to withdraw their allegiance and the opposition party will come in. It will then be responsible for trying out its program. Of course, as new issues emerge and the parties take their positions upon them, or as they adopt different views of old issues, there should be a certain number of defections. Some prominent members and even leaders should find themselves out of sympathy with their party's policy. They should shift to the other party.

That, for example, has not infrequently happened in Great Britain. The "Peelites" went over to the Whigs, and the Liberal Unionists to the Conservatives. Men as eminent as Gladstone, Lowe, Palmerston, Chamberlain and Winston Churchill changed their parties without bringing their political careers to an end.

But prominent members and leaders of American parties always remain regular. What prominent Democrats were once Republicans and what prominent Republicans were once Democrats? There have been no im-

portant shifts. One reason is that the two American parties are little more than bottles which contain mixtures of local political organizations and which have old labels. Senator Jim Watson of Indiana and Senator Reed of Pennsylvania are both Republicans, but they have been in the same fold with Senator La Follette, Governor Pinchot and Senator Norris of Nebraska. Huey Long and Peter Gerry are both Democrats, and so are Senators Thomas and Glass. In short, within neither American political party is there any substantial agreement on the more important issues; and between the parties as parties there is no substantial disagreement.

For years the result, so far as Congressional legislation is concerned, has been the passage of laws by bipartisan majorities. So long as the legislation was either routine or not exceptional—legislation, that is, which accepted what most thinking people had agreed for some years should be accepted—bipartisan majorities made for party irresponsibility and confused thinking, but they did not greatly matter. When, however, the emergency required a vast mass of new legislation which leaped into the dark so far as public preparedness was concerned, the impotence of the party instrument took on a new importance.

A Democratic administration, not the Democratic party, has sponsored the New Deal. The result is a confusion of the public mind. The public is puzzled. Acceptance of decisions is more difficult and criticism of decisions more irresponsible.

Thus verdicts at the polls become rather meaningless. I write before the Fall elections, but whatever the electorate may say on that day will be inconclusive. What is said will be argued about interminably. We should have at the present time a rather definite expression of public opinion, but we will not get it, and without it a fog will still enshroud the electorate's attitude toward various phases of the New Deal program.

Nearly all the candidates, to be sure, have tags—they are either Democrats or Republicans—and most of them have had to say rather definitely whether they are for or against the Washington experiments. The candidates must keep the tags because, if they do not, their political lives are probably over. A member of the House of Commons who fails of election in one place tries elsewhere, but in the United States we insist (unfortunately) on a connection of Congressmen by residence with the constituencies that they represent. Hence, candidates in the United States are much more interested than are British candidates in placating local political organizations and in espousing policies approved by constituencies, even though those policies may be at complete variance with the policies of the chiefs of the national party.

A good many Republicans will return to Washington this time hanging on the President's coat tails. This seems to them the way to get back, but if they get back that way who can determine whether the coat-tail hanging helped? If they should be unsuccessful (and this applies to Democrats as well as to Republicans), they must wait to try again in the next election in the same constituency. They cannot go elsewhere to find supporters who will approve of their views.

Hence Republican as well as Democratic Representatives and Senators are boasting of the amounts of Federal money spent in their districts. What the administration now needs—midway in its first term—is a clear mandate from the electorate and it

will not get it. One reason is that the 1933 emergency—the millions of destitute unemployed—made necessary action which has turned out to be a variation of an old political device—the pork barrel.

The issues that governments now have to deal with are so spectacular and the electorate is so volatile—as in 1928 and 1932 shifts of millions of voters conclusively demonstrated—that tried political methods of spoils appointments and elaborate organization are no longer effective. Time and money are still spent on them—with loss of efficiency in the governmental service—but in this respect, at least, there is a "New Day," to use an unhappy phrase of Mr. Hoover's. Now politicians and political observers find food for profound thought in Job's questions, "Doth the wild ass bray when he hath grass? or loweth the ox over his fodder?" That is a biblical anticipation of Alfred E. Smith's belief that the voters do not shoot Santa Claus.

The attitude may be temporary because, as Carlyle said, "the love of men cannot be bought by cash payments and without love men cannot endure to be together." Nevertheless, a large Congressional contingent will be returned to Washington because of government spending, and as President Roosevelt looks at the alleged supporters whom he thus has, he may be reminded of the remark that the Duke of Wellington made after he had reviewed some new recruits for the British Army. "I don't know whether they will frighten the enemy," said the Duke, "but, by God, they frighten me."

If the American party system throws up supporters who may frighten the President, it also makes the "enemy" more irresponsible than he should be. Laws go through Congress without any party criticism. The only opposition comes from individuals. It is therefore likely to be viewed as captious. From the standpoint of the sponsors of the laws it would be far better if action could take place only after all possible objections had been adequately voiced. Some of them would doubtless be heeded. At all events, the proposers would know in advance of legislative action just what could be said later in criticism of that action.

Similarly, the workings of the Congressional system mean that there can be no day-by-day criticisim of the administration. Relief administration in Great Britain, for example, can be under constant scrutiny by the House of Commons through questions and replies by responsible Ministers. But there is in the American system no opportunity for Congress to see responsible officials face to face and ask them what they are doing. The only Congressional weapon is a Senatorial investigating committee and that is rarely pulled out of the arsenal until after the horse is stolen from the stable. As a result, administrative errors can continue unchecked and even unremarked, although the administrators responsible for them would have no hesitancy in making the necessary corrections, were they demanded by leaders of the opposition party in the Legislature.

An accumulation of these errors leads inevitably to a growing chorus of criticism in the country, a chorus which could have been avoided by avoiding the errors, and the errors could have been checked had there been a machinery for pointing them out. "It has been said," wrote Walter Bagehot, "that England invented the phrase 'Her Majesty's Opposition'; that it was the first government which made criticism of the administration

as much a part of the polity as administration itself." Such an opposition is highly useful at all times. It is especially indispensable when great events are in the making. Its complete absence from American political life is far from a boon to those in charge of the government.

The reader may think that comparisons with Great Britain are too much relied upon, but there is distinguished precedent in a discussion of the New Deal. In his radio address on Sept. 30, President Roosevelt said that certain men, "fortunately few in number," who were "frightened by boldness and cowed by the necessity for making decisions" were "coming out of their storm cellars" and were alleging that Britain had "made progress out of her depression by a do-nothing policy, by letting nature take her course." That the President denied. But the point here is that Great Britain, in not letting nature take her course, had the advantage of party and did not have the disadvantage of pressure groups and of sections. The existence of these has interposed formidable obstacles to any Washington program.

It has long been clear that one of the reasons for the decline of Legislatures in authority and in public estimation has been the competition for public attention which they have endured from, and the pressure to which they have been subjected by, organized groups.

In Great Britain the government can triumph over such associations more easily than can the American Government because the Cabinet leads the House of Commons and puts legislation through by party majorities. A demand by veterans for increased pensions or by labor for legal protection of its organizations is a demand which has to be considered in the British Cabinet, and it is there that the compromises are worked out.

In the United States the compromises are worked out in the Legislature and frequently the compromise is one unpalatable to the Executive. Such groups rarely get all they seek. Some dissatisfaction is inevitable. Groups which get concessions are irritated by concessions made to other groups. The immediate result is a series of laws which give more or less special favors, and not a comprehensive, well-rounded program. If legislation is designed to hold up the price of wheat, then cotton and other farm products cannot be neglected. No section of the country can be overlooked in appropriations. If the engineers have no worth-while public works projects in mind for a particular area, they must devise projects into which the appropriate number of millions can be poured.

But it will be said that the obstacles I am listing are all old ones and that they cannot be removed without a remodeling of American institutions. That is true, but it is necessary to keep them prominently in mind because they explain much of the criticism and doubts which are now being expressed.

"Why, then," the question will be asked, "were the obstacles not formidible during the first year of the Roosevelt administration?" The answer is that during that first year there was less questioning of objectives. So panicky were the electorate and business that they accepted anything proposed and had a childlike faith that it would work. For the first year there was so little questioning of objectives that the ordinarily confident old guard of the Republican party feared to do otherwise than remain silent. For more than a year it was even afraid to damn bureaucracy and praise liberty. For a year after

March, 1933, the objective of victory over the depression (while perhaps not so clearly understood) had almost the same sedative effect on criticism as had the objective of victory over Germany after April, 1917.

In 1933 disaster was avoided. Normalcy seemed to be back for a considerable portion of the population. Much of the remainder was on relief and was at least not hungry. But the millennium was not at hand and the obstacles discussed above encouraged two factors which now serve to account for some of the jaundiced eyes which view the New Deal legislation. One factor is uncertainty as to future action; the other is a growing conviction on the part of the privileged that they are to have fewer privileges.

Enormous powers were granted to the President. In effect Congress abdicated. This was inevitable and wise. But the manner in which the powers are exercised may be varied as the President thinks desirable. Hence there is uncertainty and therefore uneasiness as to the future. Better it would be in some cases if Congress now proceeded to lay down legislative rules. Then modification when proved to be wise would be more difficult than modification by executive order. It would take time, but rigidity along slightly wrong lines would be compensated for by greater assurances as to the immediate future.

Finally, there is the latent but ominous self-contradiction in the New Deal which was completely ignored so long as despair was not dissipated. On the one hand there is no challenge of the basic assumptions of a capitalist society. The more conservative members of the Cabinet come forward rather regularly to extol the profit-making motive and to insist that it is not to be regulated. On the other hand, the program can be successful only if the national income is rather drastically redistributed. A more abundant life is possible for the many who have not had it only if a less luxurious life is the lot of those who enjoy luxury.

No matter how many reassurances are issued, we are now at a point when the many who have political power are demanding that capitalism be more successful in giving them comfort. In the past, capitalism has done this not well enough to gain the allegiance but just well enough to avoid the active mass hatred of the politically enfranchised. The cost has not been high enough to cause any real sacrifice.

But capitalism collapsed, and a reconditioned ship must begin again its voyage through waters made dangerous by both the jetsam and the flotsam of the last five years. A New Deal assumption is that the owners of the ship will be altruistic; that they have learned a lesson and that they will not attempt to assess the entire costs of the voyage on the passengers. Five years ago, when the ship almost foundered, the owners sent out an S O S, but I strongly suspect that they will fight hard against paying the costs of salvage.

Here is the real obstacle to any legislative program which representative institutions enact to care for victims of a capitalist society. It is an obstacle which will exist irrespective of the excellence or defects of particular policies; and it is an obstacle which in the United States is made far more formidable by the impotence of party and by our inability to mitigate the rapacity of groups and the selfishness of sections, save when we believe ourselves to face disaster.

The Moral of the Elections

By E. FRANCIS BROWN

THE mid-term elections have come and gone. The New Deal has been taken to the country and, if the results of the national referendum are to be accepted at their face value, has been overwhelmingly approved. The test of time, to be sure, may disclose that the President's victory was Pyrrhic, but for the moment the New Deal and its leader reign supreme.

On election night the Republican national chairman, Henry P. Fletcher, sat in gloom in the party headquarters at Washington. Telegrams from all parts of the country brought him the mounting list of casualties. The Old Guard had not surrendered. It had died.

When the Seventy-fourth Congress convenes in January many familiar faces will be missing: David A. Reed of Pennsylvania, arch-enemy of the New Deal, will not take his place in the Senate, nor will the stalwart Robinson of Indiana, Fess of Ohio, Hatfield of West Virginia, Walcott of Connecticut and Kean of New Jersey. Republicans all! In the House the veteran Fred A. Britten is listed among the lost. And so the story runs, for the campaign that ended on Nov. 6 brought the Republican party its most crushing defeat.

It is a defeat that gives the Democrats sixty-nine seats in the Senate, a gain of nine, and increases their representation in the national House to 322, thirteen more than in the last Congress. The Republicans suffered a like humiliation in the States. Pennsylvania, a Republican stronghold ever since the Civil War, elected a Democratic Governor as well as a Democratic Senator. Even in rock-ribbed Vermont Republicans retained their offices only by dangerously narrow majorities. When the final count was made, the Republicans held Governorships in but seven States—California, Kansas, Maryland, Michigan, New Jersey, New Hampshire and Vermont. The only consolation the Republicans could find was the return of Maryland, Michigan and New Jersey to their control.

Except for the size of the Democratic majorities, there were few surprises. For weeks, even months, it had been recognized that the Democrats in the guise of the Roosevelt administration would triumph at the polls. Whatever hopes the Republicans may have had were dashed by their unhappy experience last September when Maine refused to heed the jeremiads of Republican word-spinners. Thereafter only two questions remained: How many seats would the Democrats gain in the Senate? Would they lose or gain in the House?

The campaign from its start had been passing strange, characterized by a listlessness among political leaders that was in direct contrast to public interest. Defeatism stalked through the Republican camp from that day last June when Henry P. Fletcher was chosen chairman of the Republican National Committee. The Democrats, safe behind the bulwarks of the President's popularity, extensive patronage and abundant relief funds, found their

strength to be in sitting still. Party lines were down anyhow, reflecting the confusion of thought and motive that grips Americans. And yet the total of registered voters was within 1,000,000 of the record high in 1932; twenty-seven States in fact showed an increase over registration in the Presidential year. Voters apparently had become politically conscious at the very moment that old-time party politics was waning.

The apathy of the professionals can be explained in part by the absence of issues. Senator James Hamilton Lewis said long before the voters were marshaled to the polls: "There are no parties in this campaign. There is but a single issue, support of President Roosevelt." Events proved the Senator to be right. It is not that real issues are lacking in the United States —such a contention would be patently ridiculous—but that neither major party is yet prepared to examine very closely the sores upon the body politic.

"Support the President" was in the end the war-cry of all Democrats and most Republicans. Though Republicans did mouth charges of governmental extravagance and waste, of corrupt use of relief funds, of dictatorship and mismanagement, these charges rang hollow, and no less in the ears of the Republican candidates than in those of the voters. Too many Republicans bestowed an accolade upon the New Deal for the G. O. P.'s hostility to be regarded as anything but a sham. How can this paradox be explained?

The most obvious explanation would be that the New Deal is above party. And there is some truth in that. President Roosevelt has been rather successful in running with the hare and hunting with the hounds. He has appealed to all groups for support, granted boons first to this one and then to that; he has taken his stand as a President of all the people. Now it well may be that eventually such a policy is doomed to disaster, that in trying to bring about national recovery and justice for all, recovery will be lost and justice as in the past administered for the few. But in any event that is a matter for the future; the voters were and are concerned with the present in which Mr. Roosevelt appears their best, if not their only, bet.

Even before the voters had an opportunity to register this opinion at the polls, they had made it clear to opponents of the New Deal. Republican campaigners quickly discovered that criticism of what had been done by Washington awoke nothing but the feeblest applause. A shift in tactics then became noticeable. There was less talk of the New Deal, except to praise the President for his courage and leadership; there was more attention to local issues and those features of the New Deal which it was safe to attack in particular quarters.

But there are other explanations. Democrats sought to capitalize the popularity of the President. There is no need to labor the point. The Republicans, on the other hand, disorganized, bereft of true leadership, had nothing to offer in place of the New Deal except the New Era, which has been so long discredited. Unable to present a constructive program, they could do little except criticize what is being done, and such a policy in a day when action is both demanded and expected does not garner many votes.

The Republicans had some very real handicaps. Whether or not the stupendous sums which have been poured over the land in the form of unemployment relief, benefit payments and public works projects have been used for political purposes matters little;

what does matter is that all who have enjoyed the fruits of these very necessary measures of relief are grateful to the administration which made them possible. After all, one does not shoot Santa Claus at election or any other time. However much the Republicans might squirm, they could not escape the fact that the Roosevelt administration had been liberal toward a suffering people, while the Hoover administration was remembered for its parsimony.

The New Deal has raised a great bureaucracy—much to the delight, we have been told, of Postmaster General Farley. Never has so much patronage been at the disposal of a national party chairman, and that it has been used to Democratic advantage is more than probable. The result has been a party so strongly organized in this election that even a healthy G. O. P. would have found the Democracy a heavyweight opponent.

During recent months there have been assertions that President Roosevelt's popularity was waning. After the elections, the natural query is, "Maybe so, but with whom?" Not many men in recent American history have been privileged to enjoy the public mandate that now belongs to Mr. Roosevelt. Some reservations, however, are in order.

When it came to voting for or against the President and all that he seems to represent in the way of social justice, the majority of Americans could not withhold their approval. Even if a man or woman did not like the New Deal, what was to be gained by voting for Republicans? A mark in the Republican column seemed almost like a vote thrown away. Thus in many instances votes must have been given to the Democrats in order to express confidence in the President and to signify that no return to the Twenties was desired. Democrats might therefore do well to ponder the full implications of their great good fortune at the polls.

The growing independence of voters evidenced by their desertion of the G. O. P. should in itself disturb the Democratic managers. On another occasion the desertion might be in an opposite direction. Moreover, the breakdown of party lines so dramatically emphasized time and again during the course of the campaign points to an impending political realignment.

It is difficult to recall any time when the distinction between parties was less clear than it was in these recent elections. In Massachusetts, for example, a former Republican Governor appealed to the present Democratic incumbent to join forces in order to elect a Democratic Senator and a Republican Governor. Local issues were involved, of course, but that such a proposal should be made at all disclosed the existence of a situation above party. On the other side of the continent the Republican Governor of California in an effort to snuff out Upton Sinclair and the EPIC movement had insisted that he was "heartily in accord with President Roosevelt's recovery policies!" Here the administration was being regarded as "safe," at least when compared with the Sinclair program which spread such terror throughout California.

New York Republicans showed their contempt for party regularity when they nominated Robert Moses for Governor, a man with a liberal reputation who had previously been considered more of a Democrat than a Republican. In Pennsylvania the Republican ticket had the support of Governor Pinchot, who, though nominally a Republican, is also an enthusiastic New Dealer. And yet the Republican candi-

date for Senator, David A. Reed, hated both the New Deal and Governor Pinchot. In New Mexico we had the final irony: Mark Hanna's daughter supported the Democratic candidate for Senator!

Much has been said about a leftward swing in America, but the elections give no certain answer. If the Roosevelt policies are to be classed as radical, then the country has moved a long way in a couple of years. But if they are called conservative the outcome of the election does not necessarily imply that a radical mood is not seeping through the United States. Just as between Republican and Democrat, so between conservative and radical, the voter had little choice; he disregarded labels and plumped for the side that at the moment promised the most.

The majority of the people are probably confused; their attitude is described in a letter recently received from a Southerner who said of the farmers in his region: "Nowhere do they know what they want—they are only beginning to decide what they do *not* want." But this same correspondent declared: "After hearing the people talk at the crossroads, I can find no mystery about the Summer elections—Sinclair, Bilbo, Long and Maine." Thus it may be that for want of a better way to express resentment voters lined up with the New Deal and that where there was an opportunity to manifest more directly their disgust with the old order they did so. Certainly in some States—in particular Wisconsin, Minnesota, New Mexico and California—they rallied about the standards of men who were further left than Roosevelt and his Democratic legions.

In Wisconsin the newly formed Progressive party—a party more left than liberal—swept to victory, returning Robert M. La Follette Jr. to the Senate and electing his brother Philip to the Governorship of the State. The party also won seven seats in the lower house of Congress as well as numerous State offices. Senator La Follette, to be sure, had Democratic support during the campaign, but not so his younger brother nor the rest of the Progressive ticket.

Among many political wiseacres the outcome in Wisconsin caused surprise; among conservatives it struck dismay, for it pointed very definitely to an acceptance of radical principles by the voters. The results were the more disconcerting since the campaign had been fought on national rather than local issues. Was the Wisconsin election a straw in the wind? What was the meaning of this success for a left-wing party organized a scant six months ago? Did it portend, as its founders have asserted, the rise of a national party radical in purpose?

These questions take on added importance when the Progressive success in Wisconsin is ranged alongside the Farmer-Labor sweep in neighboring Minnesota. The Farmer-Labor party, more radical than the Progressive, has openly declared that capitalism is outworn and has demanded the creation of a new order. But a radical State platform did not scare Minnesota voters. They re-elected their Farmer-Labor Governor, Floyd B. Olson, by a tremendous majority and sent Henrik Shipstead back to the Senate for his third term.

In these two great Middle Western States there were definite swings to the left of the New Deal. New Mexico also, by re-electing Senator Bronson Cutting, despite administration opposition, indicated a receptiveness to left-wing appeals. Finally, in California there is abundant evidence of a

strong undercurrent of popular dissatisfaction.

If Upton Sinclair with a semi-radical program could poll nearly 800,000 votes, and this in the face of unparalleled opposition, conservatives have reason to fear that in California they have but scotched radicalism, not killed it. Even in an ordinary campaign Sinclair would have had trouble; a life-time of writing had left too much behind that could rise up to plague him. But this was no ordinary campaign. Had Sinclair been the devil himself he would not have been resisted any more relentlessly. Mark Hanna's methods of political attack were adapted and refined for modern usage. In the effort to knock out Sinclair there was little regard for the Marquis of Queensberry rules. Misrepresentation, desertion by the Roosevelt administration and his own indiscretions cost Sinclair the Governorship; yet in the face of all this, his 800,000 votes were most impressive. For conservatives there are still clouds over sunny California.

In most States there was little of interest. Some candidates were more liberal than others; a few until the bitter end remained outspoken in their denunciation of the New Deal. Local sentiments and local issues played their part in the success or failure of contestants. Governor Ritchie's defeat in Maryland, for example, had more local than national significance, even as did Republican success in New Jersey.

Though the election results seem to uphold the administration, it is a fact that the Seventy-fourth Congress, as the Seventy-third, will contain Senators and Representatives who are Democrats and not New Dealers, even as it will contain Republicans who will vote with, rather than against, the administration. Moreover, Democratic Senators like Rush D. Holt of West Virginia and Lewis B. Schwellenbach of Washington are admittedly left of the New Deal. In short, party tags will mean less than ever. Perhaps such a situation would be without significance were it not for other trends which the election disclosed. Even in the midst of the campaign, as we have seen, party lines were broken. Moreover, the radical sentiment of some of the voters cannot be passed over as a temporary phenomenon. With all these things in mind there is reason for believing that a realignment of parties is in sight.

That prophecy has been made many times and just as often proved to be false. Yet with the continuing crisis and the unmistakable need for meeting it, possibly with heroic measures, the old parties have been put on the rack. The Democrats, thanks to Mr. Roosevelt, have wriggled out of this uncomfortable position and offered their solution for the nation's problems. But the Republicans have yet to find an escape.

Meanwhile, as this recent election showed, there is a growing demand for strong medicine. The Republicans, with their traditions of conservatism, seem unlikely to be the party to administer it. The Democrats may take on the responsibility, moving further to the left, even if it disrupts the old-time Democracy. But if they adhere to their New Deal as already outlined, then the Middle West may be the birthplace of a new party, radical in philosophy and program, which will attract the many dissident elements scattered across the United States. It is that possibility, to which certain aspects of the Fall elections point, which must keep both Democrats and Republicans awake nights. And it is that possibility which is the real moral of the elections.

Britain's Care of the Jobless

By AMY HEWES*

THE United States faces this Winter the task of devising some system of nation-wide social insurance. Reflecting though it must American needs and American traditions, it must no less have regard for Europe's experience with such schemes, particularly with systems of unemployment insurance. Here Great Britain has lessons to teach, for Britain not only was the first country to adopt compulsory insurance, but its plan is the most far-reaching of any in the world. Moreover, within recent months the British have debated and adopted an unemployment act which affords a new basis for their historic system.

This act is the first British measure to deal comprehensively with all the able-bodied unemployed men and women in the industrial population. It stands as the most important accomplishment of the National government and, notwithstanding the Labor Opposition's threat to wipe it off the statute book whenever they return to power, it has already profoundly altered Britain's traditional philosophy and practice in dealing with unemployment.

The provisions of the act aim to modify a system rooted in the needs of a country which has recently seen as many as a fifth of its workers idle, a proportion which today rises far higher in the "depressed areas." In the mining villages of County Durham, for instance, industry has been at a standstill for years, with a resulting paralysis of the social life of the former workers. Near by are the Tyneside towns, once beehives of industry engaged in building the world's giant liners, but now become what J. B. Priestley in his *English Journey* calls "derelict towns" because "nothing, it seemed, would ever happen here again," and because "idle men—and not unemployable casual laborers but skilled men—hung about the streets waiting for Doomsday."

The British system of unemployment insurance, though established by the Liberals in 1911, was not put on a national basis until 1920. Substantial modifications were made by the Conservative government which came into power in 1923, and revision was carried on by successive governments.

When continued unemployment forced the Insurance Fund to borrow huge sums from the National Treasury, the issue of economy was raised. So important did this become that it split the Labor party in 1931 and Ramsay MacDonald, then Labor Premier, yielded to the cry of economy. He gravely explained that the insured must pay higher contributions from their earnings and stand a 10 per cent cut in the out-of-work benefits if the country's credit abroad was to be saved and abandonment of the gold standard avoided. The majority of the party, however, hurled maledictions upon their leader, indignantly declared

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that no valid economy measure would put the burden of debt on the shoulders of the poor and, refusing compromise, gave up office.

The National government which succeeded faced the task of restoring the unemployment fund to an actuarial basis and of reducing the fund's debt which, it was claimed, was threatening the financial stability of the nation. Emergency measures immediately put into effect included the cut in insurance benefit which MacDonald had announced. In November, 1932, a Royal Commission on Unemployment Insurance recommended legislation, but another year went by before the government was ready to propose the permanent plan that is embodied in the act of 1934. This act includes not only amendments to the insurance scheme but also fundamental changes in the 300-year-old methods of local relief.

Great Britain has now spread three nets to catch and assist those who, for one reason or another, are unable to earn a living. A man who loses his job may be caught in the first net—unemployment insurance. He may, however, after a time, fall through this net, being no longer able to meet the standard insurance requirements; if so, he will be caught in the second net. This was spread as an emergency measure, an extension of the insurance system, but with easier conditions and with benefits, or "transitional payments," from the Treasury instead of from the Insurance Fund. In place of these "transitional payments" the new act now provides "unemployment allowances," which are still further dissociated from the insurance scheme and which are administered by a new body—the Unemployment Assistance Board. The third and oldest of the nets is the famous Poor Law, the last resort of the destitute, under which relief is administered by local authorities.

Unemployment insurance aims to provide out-of-work benefits for all wage-earners with the exception of those employed in domestic service and agriculture. It covers also white-collar workers whose earnings are not more than $1,255 a year. About 12,000,000 persons have the benefit of this protection. The insured population (and their employers for them) continue to pay contributions into the Insurance Fund even as before the new law was passed. But now children, who hitherto have not been admitted to insurance before the age of 16, may come in at the school-leaving age. They contribute 4 cents each week from their earnings, while a similar amount is paid for each child by both his employer and the Exchequer.

The bill as introduced by the government did not provide for the promised restoration of the 10 per cent taken from the benefit in 1931 as a temporary emergency measure. This omission caused so much protest that the government, during the debate, conceded the old rates; July 1, 1934, was fixed as the date for their restoration.

Today, therefore, an adult man out of work may claim a weekly benefit of $4.25 for himself; for an adult dependent he may claim an additional $2.25 instead of the former $2. The rate for a dependent child remains at 50 cents in spite of the fact that this sum was denounced as insufficient even by some of the government's supporters. The government claimed that with the rates restored a man, his dependent wife and two children had, in terms of 1934 purchasing power, 87 cents more in the weekly market basket than in 1930 under the Labor government.

To American workers the British

unemployment benefits would once have seemed, if not too small to keep the wolf from the door, certainly not large enough to prevent him from lurking in the dooryard. The British recipient, however, though he may have to accept a much lower standard of living than he has known, has come to regard himself as better off than the American of today because the benefit is at least secure.

Few of the Greenwich laborers interviewed by Dr. E. W. Bakke in 1932 and described in his book, *The Unemployed Man,* complained of the small size of the benefit. One, a sheet-metal worker, long out of work, said to him: "I have no patience with men that grumble these days. I know that our unemployment benefit isn't much, but it's that much more than nothing." And then he added, evidently unaware of the tragedy in his comment: "You don't have to break up your home so soon."

Trade union and Labor party leaders, however, fought the bill in the House of Commons and bitterly criticized the rates because they made decent living for the unemployed impossible. Every man, it was claimed, is entitled to either "work or maintenance." The British Medical Association's Committee on Nutrition had estimated that the cost of adequate diet for a family of five amounted to $5 (twenty shillings and one farthing) weekly. Naturally this report was cited as evidence to prove that if $5 had to be spent for food, the balance of the $7 then allowed a family of this size would not cover rent, clothes and other necessities. Sir Henry Betterton, Minister of Labor, who defended the economy program of the National government, declared that full maintenance should not be the aim of an insurance scheme. It should, he held, provide only assistance which during short-term unemployment could be supplemented by the worker from his other resources.

The act of 1934 restores the rates of benefit and extends the period during which it may be drawn. Previously all persons who could qualify (by having paid in thirty contributions during the preceding two years) could receive benefits for only twenty-six weeks in one year; additional days are now available for those who can show exceptionally good employment records. These are determined by a ratio which takes into account the contributions made and the benefits received during the previous five years. Thus a perfect employment record may yield a benefit period of fifty-two weeks, twice the length of the former maximum. Labor critics pointed out that enjoyment of this feature is furthest removed from those who have suffered most during the depression.

The government has congratulated itself upon the new opportunities the act has created for children. The principal advance is the closing of the gap between school and work, a period so full of possibilities for wrong starts in life. Not only are children admitted to insurance earlier but a child above the school-leaving age (at present 14), who voluntarily remains at school, may have a free credit of insurance contributions up to a maximum of 20. Additional training centres are to be established and attendance at courses of instruction is made compulsory for all unemployed juveniles under 18.

None of these provisions satisfied the Opposition, whose members insisted that the only right way to close the gap, the way dictated by sound educational as well as economic considerations, was to raise the school-leaving age and thus take these chil-

dren out of the labor market. They also contended that the courses should be the responsibility of the education authorities rather than of the Ministry of Labor and that they should be financed as education without assistance from the insurance fund.

Proposals for extending unemployment insurance to groups of workers who have hitherto been left out of the scheme received a good deal of attention during the debates, but, with the exception of agricultural workers, their status remains unchanged. Insurance for domestic workers was urged by Labor members who wished to have them considered as other wage-earners without discrimination, and by those who desired to have them included because they are "good lives." Since this class is not subject to unemployment to the same extent as the majority of industrial workers, their presence would strengthen the scheme. "Out-workers," "share-fishermen" and "black-coated" workers with incomes of less than $2,500 were held up as groups which needed protection.

There was general sympathy for this last group. As a Labor member who introduced the clause to include them said, "when the black-coated worker becomes unemployed, in many respects he is in a worse position than the manual worker who * * * is not so much troubled with the need to keep up appearances. When the clerk or the professional worker begins to look seedy his chance of getting employment is undermined." The National Federation of Professional Workers and the Women's Liberal Federation supported the case for this group and pointed to the fact that there are now 300,000 or 400,000 such persons unemployed. Their plight is often more serious than that of the manual worker because they are more reluctant to let their needs be known. Though the government did not deny that the insurance plan should ultimately include many people who are not now covered, it contended that their claims should be first considered by the statutory committee set up by the act for just such a purpose.

Agricultural workers, however, are probably nearer unemployment insurance than any of the foregoing groups because the act makes it specifically the duty of this same statutory committee "to make such proposals as seem to it practicable for the insurance against employment of persons engaged in agriculture." An inquiry into this subject has already been provided for.

The statutory committee has various functions. It is charged with oversight of the fund's finances, with recommending changes in the rates of contribution and benefit and methods of dealing with either a surplus or a deficit. Sir William Beveridge, the well-known authority on unemployment, has been made its chairman.

Members of the Opposition and even some of the Conservative members in the House disapproved this arrangement as removing important fiscal measures too far from the direct control of Parliament and the spotlight of Parliamentary debate. The more extreme Labor members denied the justice of an attempt to balance the budget of the scheme by adjusting rates of benefit. From their point of view the rates should be set where they yielded a satisfactory maintenance, for the insurance principle, they contended, had failed; the obligation for the complete maintenance of the unemployed rested upon the government.

The method to dispose of the debt accumulated by the Insurance Fund brought out sharp criticism of the

government's whole economy program. For years, the fund, in order to enable it to provide the large benefits occasioned by continued unemployment, has been authorized by Parliament to borrow sums from the Exchequer. At the time the debt was stabilized on March 31, 1932, the total amounted to $575,000,000. It is to be liquidated by half-yearly instalments of $12,500,000 over a period of thirty-seven years paid by the fund out of contributions for unemployment insurance.

Westminster was too small to hold the protests made against this arrangement; newspaper headlines all over the country reflected the unfavorable reaction to this shifting of the burden of the debt from taxpayers to wage-earners. In Parliament arguments of the type long familiar in international debt controversies were vainly leveled against the plan. The government was asked by what consideration of fairness the burden should be put upon the shoulders of "workers yet unborn." Unmoved, the Chancellor of the Exchequer replied that "workers yet unborn" would still have to pay if it were put upon the shoulders of the national debt. But even so conservative a critic as the *Economist* found the plan unwise and unreasonable and held that the Insurance Fund should be freed altogether from past arrears, that any surplus should be applied to a reduction of the rates of contribution, and that saddling the fund with the debt was "a piece of Treasury pedantry."

Let us consider now the second resort of those unable to make a living. The National government's Economy Act of 1931 reduced the number of those eligible for transitional payments by establishing the famous "means test." This test, ever unpopular with the great mass of British workers, required applicants for transitional payments to submit to an examination as to their needs by the public authorities.

The means test from the first proved to be embarrassing and difficult to put in operation. In strong labor centres such as Durham and Rotherham the local assistance authorities, themselves working-class people, refused to administer it in a way to secure the economy at which it aimed. The law of 1931 fixed the amounts of the standard insurance rates as the maximum award for transitional payments but stipulated that only the amount actually needed should be granted. But in almost every case the local authorities in these districts awarded their unemployed friends and neighbors the maximum sum without any paring down according to the needs of the applicants. Remonstrances from the Minister of Labor were useless. The authorities told him that "rather than carry out such distasteful duties they would prefer to withdraw and leave the work to commissioners to be appointed by the Ministry," a course which in the end the Minister of Labor was compelled to take.

Despite these and other difficulties, the law of 1934 continued the policy of the National government and included the much-hated means test. Meanwhile, since the claimants for insurance benefit were meeting the stringent requirements of the 1931 legislation, their number continually decreased, while the number of claimants for transitional payment correspondingly rose. After February, 1932, the latter actually surpassed the former and by July, 1934, there were 420,258 claims for insurance, compared with 812,744 for transitional payments.

The test at present requires the needs and resources of an individual,

including those of the members of the household to which he belongs, to be taken into account in determining the financial assistance he shall receive. It is true that small amounts of capital and some part of the payments made for health insurance or workmen's compensation are disregarded in assessing means, but, in the words of Arthur Greenwood, stanch defender of the workers' claims, "the cold stark fact remains that the unemployed are to be subject not to a personal means test, or even to a family means test, but to a household means test."

The deepest objection to the imposition of a means test is its association in the minds of wage-earners with the disgrace of public charity. They are not alone in feeling that such assistance is disgrace, for public charity has never freed itself from the implication that the poor are unworthy. The Poor Law has been based on a fundamental assumption that if unemployment is made sufficiently unattractive the unemployed will find work. Investigation of the applicant's resources, with attendant publicity, has been one of the effective ways of making unemployment unattractive. Hence, it is generally agreed in Great Britain today that when a man who has been a willing and able worker all his life is forced to seek relief from the Poor Law, an unmerited disgrace has come upon him. Members of all parties, in the course of the debate on the unemployment insurance bill in Parliament, declared that this should not be allowed to happen. Now that work is admittedly unavailable for the hundreds of thousands who seek it, the means test appears out of place.

When the Minister of Labor claimed that the act of 1934 made it possible for a workman who lost his employment to receive assistance without "the stigma of the Poor Law," he based the claim on the fact that, although the means test is retained, it is to be administered through the agencies of a new central authority called the Unemployment Assistance Board instead of by the Poor Law authorities. To the Opposition this seemed a distinction without a difference. They called the new plan "a second Poor Law."

Such a characterization is further justified by the disciplinary power conferred upon the board when dealing with "cases of special difficulty." Such power permits it to make other than a cash allowance, to make it conditional upon attending a work centre or even upon the applicant's becoming an inmate of a workhouse, payments being made to a member of his household while he is such an inmate!

But an ancient tradition ended when the nation assumed responsibility for the able-bodied unemployed. From the earliest days the relief of the English poor has been, by custom and statute, a concern of the separate localities. When the Poor Law of Queen Elizabeth was codified in 1601, it continued a system long-established and fixed the pattern which lasted essentially for more than three centuries. Each parish was required to care for its own poor, including the able-bodied unemployed, without the help of one penny from the National Treasury.

An elaborate system, now being organized under the Unemployment Assistance Board, will place the care of the able-bodied unemployed under national administration. It will apply, not only to those who have worked in insured trades but to nearly all others as well as to white collar workers whose incomes, when employed, do not exceed $1,250. The act does

not apply, however, to persons who "have lost employment by reason of stoppage of work which was due to a trade dispute."

The act did not transfer to the National Treasury the full cost of relief of the classes taken over from the local authorities, a cost estimated to be about $125,000,000 a year. Every county and every county borough will now contribute annually toward the expenses of the Unemployment Assistance Board in return for the responsibilities from which they are to be relieved. They will, nevertheless, continue to carry 60 per cent of the burden of the care of the able-bodied unemployed. Another precedent has been established by this arrangement, for it is the first time that localities have been asked to contribute from local taxes for a national expenditure. Localities with depleted resources were reluctant to accept the burden thus imposed and the issue of taxation without representation was raised and pressed. Ultimately, substantial concessions were made to the depressed areas in the form of "block grants."

Labor party members and others who speak for the unemployed fear that the vast number of persons now to be brought under the care of one great central authority will of necessity be dealt with by rule-of-thumb methods and suffer accordingly. It is argued that general formulas, applied without knowledge of local conditions, are bound to work hardship in particular cases. While the act provides for the establishment of local advisory committees, these will be without authority and without the continual contact with the unemployed through which the local public assistance authorities have come to understand particular cases and conditions.

This great piece of legislation and the many laws which have led up to it form parallel systems of insurance and relief. These mark more clearly than any other feature in British life today the transition from one form of economic organization to another. Just as with the passing of feudalism public authority was substituted for private, and the initial structure of the Poor Law took form, so now, national legislation providing insurance and relief for the industrial population has been demanded to absorb the shock of forces released by the growing complexity of an economic system based on international trade.

Great Britain has long understood, as the United States is only beginning to understand, that insurance and relief are not emergency or temporary measures. In February, 1932, Neville Chamberlain, the Chancellor of the Exchequer, grimly announced in the House of Commons that no substantial reduction in the number of unemployed might reasonably be expected within ten years. Here, then, is the shock-absorber which has been provided. But the revised unemployment insurance system and the related scheme for national assistance instead of winning praise from the workers have been attacked by them. These same workers, nevertheless, would as soon think of doing away with unemployment insurance as with workmen's compensation. Particular features of the system and methods of operation will doubtless continue to be changed, but the principles underlying unemployment insurance and the assumption of national care for all who are unemployed will remain.

Ibn Saud Builds an Empire

By GRAYSON L. KIRK*

HIS full name, Abdul Aziz ibn Abdur Rahman ibn Feisal es Saud, is a bit staggering. For the sake of convenience press correspondents have usually shortened it to Ibn Saud, which means simply that he is a scion of the house of Saud. Still in his middle fifties he is the creator, as well as the master, of modern Arabia and he bids fair to accomplish what no other Arab prince, in modern times at least, has succeeded in doing, namely, to unite practically all the peoples of the Arabian peninsula under a single political system. Ibn Saud's career has been as romantic and colorful as if he had walked directly out of the pages of *The Thousand and One Nights*. Whether the kingdom he has created ultimately stands or falls, he has already become an almost legendary figure whose exploits will no doubt fire the imagination of future generations of desert story tellers.

Ibn Saud will be a legendary figure because his career has been an Arab variation of the eternally popular theme of the ambitious and resolute youth who rises to greatness and power in the face of terrific obstacles. When he was born in 1880, the son of homeless, landless, exiled parents, no sensible person would have given a fig for his future. Even when he became master of a city no one took him seriously. Later he acquired the proud title of Sultan of the Nejd, but European experts on Near Eastern affairs were positive that he would go no further. The foreign experts, and his enemies as well, were wrong. Today. Ibn Saud is King of a united Arabia with 5,000,000 subjects and a realm larger than France, Germany, Belgium, Switzerland and Luxemburg combined.

There is a religious as well as a dynastic purpose in Ibn Saud's ambition. He is a puritan reformer fired with the zeal of fanaticism. Through his championship the Wahabi sect and its doctrines have risen from a persecuted obscurity to a position of power and prestige in the Islamic world that is ominous, for opposition on the part of many Moslems to those dour and ascetic doctrines is bound to continue.

The Wahabi creed is the faith and the law of King Saud. His subjects may not with impunity absent themselves from their daily prayers. They may make pilgrimages only to Mecca and Medina, for the Wahabis especially abominate what is to them the pagan practice of worshiping at the tombs of saints. They may not indulge in tobacco or alcoholic beverages of any kind. They are forbidden to wear jewelry or ornaments of precious metal. Luxurious clothing, especially garments made of silk, gambling and all games of chance are taboo. The sacred Shariah law of an eye for an eye and a tooth for a tooth still obtains—the thief loses his hand and the adulterer must die.

Urban Moslems throughout the world rebel at such a forbidding creed. And yet it is an uneasy rebellion, for

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the Wahabi religious leaders quote chapter and verse of the Koran to support every portion of their doctrine. To them the original purity of the Islamic faith has been obscured by the softness and the vices of city life and by the abominable contamination of Western institutions. Such corroding accretions must be done away with and the primitive faith restored. Obviously, it is in one sense the old story of the hostility of the desert nomad, for whom life is hard and precarious, to the institutions and practices of the townsman. And because it helps to keep the unruly Bedouin in hand, it is a hostility that admirably serves the dynastic ends of King Saud.

The connection between the house of Saud and the Wahabi faith is not new. It began in the middle of the eighteenth century when Mohammed ibn Abdul Wahab, religious teacher and persecuted founder of the Wahabi sect, sought refuge at the court of the Emir Mohammed ibn Saud, a petty desert chieftain of North Central Arabia. Saud not only gave asylum to his guest; he placed all his secular power at Wahab's disposal, and he strove to force neighboring tribes to accept and follow Wahab's teachings. After Saud's death in 1765 his son and heir, Abdul Aziz I, led the fighting which gradually won the forced allegiance of all Central Arabia, specifically the Shammar and the Nejd.

By the opening of the nineteenth century the Saudian rule was so strongly entrenched that the Sultan of Turkey, titular master of Arabia, looked about for some one strong enough to crush the arrogant upstart. That some one he found in the person of Mehemet Ali, Viceroy of Egypt, who was deputized to crush the Wahabis. Since the Sultan hated both Mehemet Ali and the Wahabis, he stood to gain no matter which should be eliminated.

After a long and difficult struggle the Egyptian forces triumphed and the temporal power of the Saud family was completely crushed. Abdullah, who had succeeded his father, Abdul Aziz, surrendered and was sent to Constantinople in chains, and was there decapitated. Of the remaining ten sons who fled with their families, some were caught and taken to Egypt in capitivity and others made good their escape. As a ruling force in Arabia the Saud family and the Wahabi faith virtually disappeared.

From 1818, the year of this débâcle, until the end of the nineteenth century, this eclipse of Saudian power seemed permanent. Now and again a Saud would try to regain power, but always unsuccessfully. New leaders and new families of political importance appeared. Outstanding were the Rashids of the Shammar, a family which was crafty enough not to contest Turkish assumptions of suzerainty and which had no religious beliefs to cause antagonism. During the latter part of the century their sway over the interior was generally uncontested, though since their rule was heavy-handed, they were generally unpopular.

Into this unpromising situation the present Abdul Aziz was born. His father was living in exile at the court of Sheik Mubarak, ruler of Koweit, a small coastal area near the end of the Persian Gulf. Young Saud lived in this atmosphere through his first twenty years before he gave any sign of his determination to seek the lost power of his ancestors. As his purpose grew he thought only incidentally of the remote rule of the Turks; the immediate obstacle was the ruling house of Rashid.

The first exploit of Ibn Saud offers a good insight into his character and force. In 1901, when he was 21, he took a small force of forty men into the desert, ostensibly to harass such Rashidian forces as he might encounter. Once in the field he led his miniature force toward Riyadh, the metropolis of the Nejd and former capital of the Saudian realm. All but ten men were concealed among the palms of an oasis outside the city. Then Abdul Aziz and his nine aides crept stealthily over the ruins of a deserted part of the town until, by devious routes, they reached the portals of a house facing the fort, in which, for purposes of safety, the Rashidian Governor used to pass the night. Forcing their way into the house, the men passed the night drinking coffee and reading the Koran. When at dawn the Governor issued forth with a small bodyguard from his retreat, the ten invaders set upon them, killed the Governor, gained control over the fort and announced to the 20,000 startled inhabitants of the city that a *coup d'état* had taken place. Saud had won his first city, and he never lost it.

But the taking of one city, even by such daring, was no guarantee for the future, and Saud's position during the next few years was precarious. Turkey aided the indignant Rashids, and often it seemed doubtful if the youthful Saud would be able to hold his own. Somehow, by one means or another, he did, and eventually the Turks withdrew their aid. The Rashids, moreover, soon became involved among themselves in a bitter struggle for power. Saud, profiting by the confusion of his enemies, used both force and intrigue to gain the allegiance of the Bedouin of the vicinity, and to strengthen his position. By 1906 he was the acknowledged master of the



The Empire of Ibn Saud

Nejd and an important factor elsewhere in Arabia.

As the scattered descendants of the Saud family drifted back to the Nejd, some of them, who were descended from the first Abdul Aziz in a more direct line than Ibn Saud, inevitably tried to seize control for themselves. The last major threat of this kind occurred in 1912. When it had been suppressed, Saud wisely offered his cousin, who led the conspiracy, the choice between exile and entering his service. The cousin chose the latter and has since been a zealous supporter of the established order.

How was it possible to build the foundations for a permanent Arab State out of the materials at hand? This was the question that troubled Saud. One obstacle was the character of Bedouin life itself. For centuries the tribe had been the only unit capable of commanding the loyalty of the fierce nomads. True, they could be persuaded to unite temporarily for

military efforts, provided the prospects of loot seemed large enough; it had also been shown that the personality of a great leader, or the achievement of a cherished religious ideal, could bring them together for a time. But none of these ties guaranteed the permanence essential to a modern State. Saud therefore concluded that while his own personality, the wealth of the enemy and desire to spread the Wahabi faith would bind the tribesmen to him for a time, nothing short of a fundamental change in Bedouin habits could provide him with the firm foundations he needed.

A less vigorous spirit would have quailed before such a prospect and left the future to the will of Allah. But not Saud. He decided to experiment by sponsoring what has come to be known as the Ikhwan movement. Ikhwan means "brothers," and those who have joined it are required to be brothers indeed. Tribal or blood relations are of no importance to them; the Shar law is their governing authority. Nomadic life must be given up, and desert tents exchanged for permanent dwellings in villages located where palm trees and grain can be planted and tended. State aid is freely given to the Ikhwan colonies. Funds from Saud's treasury help to build a mosque. All converts receive free supplies of arms and ammunition provided they undertake to fight in defense of their ruler, an arrangement which has given Saud the nucleus of a permanent and reliable military force. The Ikhwan movement has spread rapidly and, though by no means universal, now includes more than seventy colonies, with an estimated population of 100,000.

When the World War began, Ibn Saud, who by this time had been recognized as the Sultan of the Nejd, displayed his customary shrewdness. He had had little opportunity to study the intricacies of international politics, but he had long since formulated a simple foreign policy which had served him well. It was to guard his independence of action, but at the same time to oppose the Turks on all occasions and to keep in the good graces of Great Britain.

His old enemies, the Rashids, were now definitely supporting Turkey and the Central Powers; Saud thereupon agreed in principle to support Great Britain and her allies. But his support was for the most part limited to a benevolent neutrality. On this account alone the British recognized his de facto independence and for nearly six years poured into his needy coffers an annual subsidy of £60,000. It was good business to be on friendly terms with a State so generous with its exchequer.

Ibn Saud's benefactors, content with their bargain, turned their attention to Western Arabia, where another aspiring Prince was not unwilling to listen to the clink of British gold. This was the Emir Hussein, of the Hejaz, the narrow coastal strip along the shore of the Red Sea. Over the Hejaz, important because it included the sacred cities of Mecca and Medina, the Turks had usually been able to make their sovereignty actual as well as theoretical. Hussein had been appointed to the Emirate in 1908, when he was nearly 60 years of age, and the unexpected honor gave a fillip to his long-dormant ambition.

British agents were lavish in their promises to the delighted old man. Their commitments, to be sure, were purposely vague, leaving a way open for evasions which were later used in a brazen fashion. The Arabs were offered nearly all Arabia for themselves and Hussein took this to mean that

he would have allied support for his growing aspirations to kingship. On the basis of these promises he raised the standard of revolt against his Turkish sovereign, and his sons, helped tremendously by the tireless skill of Colonel T. E. Lawrence, led the forces that swept victoriously northward. In return, Great Britain recognized Hussein as King of the Hejaz and granted him a subsidy which, before it was discontinued, had reached a total of £6,000,000 in gold. Revolt in the desert was profitable—except perhaps to the British taxpayer.

With the end of the war, Ibn Saud's position was anything but promising. Hussein, his old rival, had been elevated to an independent kingship and Hussein's sons had been placed in positions full of menace. Abdullah had in 1921 become the Emir of the Transjordan country and Feisal had been made King of the newly formed State of Iraq. Worse still, Saud's deadly enemy, Ibn Rashid of the Shammar, now proclaimed his independence, and the British, believing that a buffer State between Iraq and Nejd was desirable, were inclined to approve.

But the experts were sadly mistaken. If they believed, as apparently they did, that Saud, with his great record of past achievement, would sit idly by and allow his enemies to entrench themselves, they badly judged their man. Luck, moreover, was with Saud, for a rapid succession of events played directly into his hands, and once more he grasped the opportunity that came his way.

There was the Khurma affair, for example. The frontier between the Hejaz and the Nejd had never been fixed and both claimed numerous valuable oases. Hussein had tried vainly on at least three occasions to occupy the oasis of Khurma. Finally, he appealed to London, and the British Government authorized him to take possession, solemnly warning Saud that if he interfered his subsidy would be at once cut off. Hussein, overjoyed by this distinguished support, at once sent a strong force to occupy the oasis. But, subsidy or no subsidy, Saud regarded Khurma as his own. His Wahabi warriors crept upon Hussein's men in the dead of night and ruthlessly butchered them all. The Khurma question was settled once and for all—and the subsidy was not discontinued.

Hussein's wrath over this defeat had barely cooled when Saud again showed his strength, this time against the Shammar. He had waited for years for an opportunity to cut down his Rashidian enemies, and at last it came. At a shooting match held near Hail, capital of the Shammar, one of the marksmen aimed, not at the target, but at his sovereign's head. The confusion of the Rashidian government following the assassination gave Saud his chance. Calling together his troops, he immediately marched into the Shammar, captured the surviving members of the princely family, and incorporated the entire region into his own dominions. Thus the rule of the Rashids came to an inglorious end. The wily Wahabi Sultan had avenged his forebears and at the same time had driven a sharp wedge between Iraq and the Hejaz. For the first time in many generations all central Arabia was united under a single ruler.

The fates had not yet finished with their gifts. Hussein, now in his middle seventies, was beginning to cause his British protectors a great deal of trouble. Embittered by the failure of the Allies to live up to their war-time promises, he had become by turns arrogant and petulant. His rule was

capricious, his administrators incredibly corrupt and inefficient. The groans of the taxpayers and the laments of the much-mulcted pilgrims to Mecca may have fallen on deaf ears in London, but they were all heard by Ibn Saud. Again he bided his time, for he knew that the Wahabi creed was cordially disliked throughout most of Islam, and that any attempt to occupy the Holy Cities would be tolerated only if the provocation was admittedly very great. But the irritation felt everywhere over Hussein's treatment of the pilgrims favored Ibn Saud, even if it scarcely warranted the drastic action which he had in mind. Something more was needed, and it came swiftly and unexpectedly.

Early in 1924, Mustafa Kemal and his advisers decided to end all connection between the new Turkish republican government and the Caliphate. In the latter days of the empire the Turkish Sultan had also been the Caliph, or spiritual head of Islam. When the sultanate was abolished the Turks had tried a makeshift arrangement whereby a virtual appointee of the government, shorn of all temporal power, acted as Caliph. Since this plan had pleased no one, the complete separation of church and State was the inevitable result.

Whether, as some writers believe, Hussein's aged hands reached out avidly for the prize, or whether he was reluctantly won over by the influence of his son, the Emir Abdullah, the fact remains that, less than three days after the decision of the Turkish National Assembly, Hussein announced that he would assume the Caliphate. Such a summary act naturally caused a a furor throughout the world of Islam. Some accepted the new order with complacency, but the Egyptian and the Indian Moslems were bitterly indignant, and the fury of the Wahabis knew no bounds. An irrevocable breach had been made. War between Hussein and Saud became inevitable.

There were now no counter-influences that might postpone or avert the struggle. The British subsidy to both contestants had been discontinued at the end of March, 1924, and Saud had nothing to lose by an attack. Fortified by a message from Indian Moslem leaders praising his stand, he took his troops into the field late in August. Never was the outcome of the campaign in doubt. Hussein tried desperately to save the throne for his family; in October he abdicated in favor of his son, Ali. Soon all the Hejaz except the port of Jidda was occupied by the invader. After a year of frequently interrupted siege operations, the city surrendered, King Ali and his aides fled into exile, and the war was over.

Ibn Saud was aware that Mohammedans everywhere were waiting to see what he would do next. Now, as before, his military victories did not blind him to the delicacy of his situation as chief and champion of a minority group whose tenets were unpalatable to most of the followers of the Prophet.

He had taken time, during the siege of Jidda, to safeguard the annual migration of pilgrims to Mecca, and he had consulted with the delegations of Persian and Indian Moslems who had come to see if the stories of Wahabi fanaticism, tomb destruction and other outrages were really true. He had reassured these delegations as to his own intentions and had told them that, once the war was over, he would summon a great conference of Moslem dignitaries to set up some generally acceptable system of administering the Holy Cities. He pledged himself to accept any solution that

would guarantee decent government.

One fruit of his labors he did not deny himself. Early in January, 1926, he announced his decision to assume the vacant kingship of the Hejaz. A year later, at the request of the tribal chiefs of the Nejd, he changed his official title from Sultan to King of that region. Later still, he combined all his possessions into what is now officially designated as the Saudian Kingdom of Arabia.

When the Moslem conference assembled, there was really little of importance that could be dealt with. The question of the Caliphate was left for a conference in Cairo, and the inhabitants of the Holy Cities, having received certain grants of autonomy, were obviously content with their new master. Various matters of general interest were discussed and resolutions passed, but no action was or could be taken that would in any way limit King Saud's power.

Indeed, the change that has come over Arabia since 1925 is remarkable. The old Hejaz administration has been cleansed of much of its corruption. Native insurgency has been reduced to a minimum under a system that makes each tribe responsible for the maintenance of peace and order in its region. In case of failure, neighboring tribes are pledged to take the initiative in punishing the recalcitrants and to report to King Saud the nature of the offense and the punitive measures imposed. If all are remiss, they are liable to severe penalties at the hands of King Saud's army, the threat of which has maintained peace and order remarkably well.

Foreign affairs have been handled with equal skill. Great Britain, gracefully accepting the new régime, concluded a treaty recognizing its complete independence. Even the troublesome frontier problem with Iraq was eventually settled and, before his death, King Feisal was on friendly terms with his father's conqueror.

The most recent, and probably the last, of the threats to Saud's kingdom has been the Yemen. That tiny country, south of the Hejaz on the Red Sea coast, remained a potential danger. Before the World War it was nominally subject to Turkey; its postwar independence was recognized only by Italy. The region is valuable because of its fertile soil and its mineral wealth. When King Saud extended his rule over the neighboring region of the Asir, the resentment in the Yemen was such that an eventual clash could not be averted. Last Summer, when it finally occurred, the ruler of the Yemen was forced to sue for peace, and to agree to trouble his neighbor no more. He received generous terms, which amounted to a treaty of amity and cooperation on all matters of mutual interest.

Thus, in 1934, King Saud reached the end of a long road. Once a homeless wanderer, he is now lord and master of a great State of his own building. To a region long afflicted with political chaos, he has brought unity and peace. Time alone can tell whether he will succeed in his cherished plan of creating a true and lasting sentiment of Arab nationalism. One thing is sure—if his kingdom does collapse, it will not be for lack of heirs. Saud now has seventeen living sons. To them he seems likely to leave the legacy of a great empire builder.

Inequality in Soviet Russia

By Louis Fischer*

The Soviet train is a symbol of inequality. The International car, with wide, comfortable, two-berth compartments furnished with plenty of baggage space, clothing hooks, a table and table lamp, represents first class. But even here there is more than one class: some coupés have attached to them splendid little washrooms with running water, while the occupants of others use the lavatories at either end of the car. In the International a polite porter is always on duty, and the traveler may get biscuits and hot tea in glasses from the samovar which sings in the corner.

A rung lower is second class, "soft," as Russians call it. Some of the compartments have two berths, others four. Beds are made up here, too, but they are not as convenient. Occupants can obtain food and drink only in the diner or from a waiter who irregularly moves through the length of the train. The porters are not as accommodating and not nearly as ready to keep their cars clean. Though much depends on the industry of the porter and on the cultural level of the passengers, a traveler will often resort to the common washrooms only in the hour of dire necessity.

At the bottom of the scale comes "hard." There are no compartments. The passengers sleep on three tiers of wooden shelves. Of late the railroads have been supplying bedding for these cars, too, but frequently the people bring their own pillows, blankets, food and kettles in which to make their own tea with boiled water furnished free at stations. Rarely do the "hard" passengers undress for the night. They merely remove some of their outer clothing and shoes. Here the passengers travel as one big family which exchanges food and autobiographies. Foreigners willing to put up with discomfort occasionally prefer "hard" for the opportunity it offers of making intimate contacts with Russians.

When the "hard" and "soft" passengers walk through the International they admire it. When the "soft" passenger passes the "hard" car he is glad he has graduated from it. At the same time he hopes to be promoted some day to the International. In Moscow recently my maid, who had decided to spend her fortnight's vacation in Leningrad, talked to me about the trip. I advised her to spend the extra rubles and get a mattress and pillow. She did not understand. She was sure that she would have to sit up all night. When I explained the accommodations which "hard" offered, she smiled happily. She had done all her traveling earlier in the revolution by "Maxim Gorki," that is, in a converted freight car.

Why should the engineer travel International and the street cleaner or the domestic "hard"? The real reason is that the engineer is richer. The Bolsheviks recognize—they would be denying a self-evident fact if they did not—that an engineer's services

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are worth more than a street cleaner's. The State accordingly pays him more. This divergence of income implies different living standards. If the government allowed only "soft" travel and reduced the price of a "soft" ticket so that the street cleaner and the domestic could buy one the engineer, with a much higher salary, would be unable to spend his money, and he might just as well not earn it. Here, of course, ticket is used as a collective term denoting all possible commodities: apartment, clothes, food, and the like. Since the Soviets reject a leveling of income as destructive of personal initiative, they must inevitably tolerate a wide range of living standards.

Foreign radicals who abhor the sharp inequalities of capitalism and foreign capitalists who enjoy these inequalities are alike surprised to find that there are inequalities in the Soviet Union. But the same thing may be different. It is not, or it should not be, the disparity between the workingman's living and the lawyer's or doctor's that disturbs the radical in a bourgeois country. It is the difference in the status of workingman and capitalist. It is the discrepancy between the man who sells his labor and the man who buys it. Inequality in a capitalist country is the first step toward accumulation, and accumulation leads to the ownership of capital and thence to exploitation. Soviet inequality, on the other hand, is the degree of difference between several groups of wage-earners. No matter how much a Soviet citizen earns he cannot become a capitalist or grow rich on the work of others. The system debars capitalists.

Recently *Pravda* published an article entitled "Socialism and Equality." Anything printed in *Pravda* reflects the accepted view of the ruling Communist party. "Socialism," this article begins, "in no sense tends to ignore or suppress all the varied individual talents, urges, tastes and requirements of human beings." No regimentation. "On the contrary, socialism presents an unprecedented possibility for the development of such capacities, abilities and talents." The capitalists talk much about equality, but actually they maintain a system of economic exploitation which produces tremendous inequalities in wealth, social position and political influence.

"Equality in general," Leontiev, the author of the article in *Pravda,* continues, "is an empty abstraction." There are natural differences which cannot be wiped out. "A man is not the equal of a woman, and to erase that inequality would mean to destroy mankind. In other words, the question is not one of eliminating the natural distinguishing characteristics of individuals but of destroying the social foundation of inequality." Socialism, accordingly, strives to make it impossible for one class of people to become superior by taking advantage of another, less-favorably situated class. "By equality," Stalin declared in January, 1934, "Marxism understands not the leveling of personal needs but the elimination of classes."

"It is obvious," Leontiev proceeds, "that there is no equality and can be no equality between a conscientious workingman and a loafer, between an *udarnik* or labor enthusiast and a lazy man, between a devoted toiler and one who lies on his side. * * * You cannot use the same yardstick to measure different people; one is stronger, the other is weaker." Even in the perfect future society of communism, Leontiev believes, there will be no equality, for the guiding principle of the Communist millennium is, "From each ac-

cording to his abilities; to each according to his needs." But abilities vary. Moreover, where one person will require a violin, another will demand a permanent wave.

This is the theory. But life is complicated and elusive, and though the Soviet press seeks to explain inequality as normal, the Soviet public does not like the forms it takes. Inequality has of late become a topic of frequent and exacerbated discussion. It is likely to occupy Bolshevik minds for a long time to come.

The other day several wives of workingmen were in the kitchen bidding farewell to my maid as she was preparing to leave for Leningrad. I came in to urge Niura to be sure to see the palaces. She would know then how the Czars used to live. "And doesn't Stalin live as well as the Czars?" a woman interjected. She obstinately refused to believe another woman who told her that Stalin occupied three modest rooms in the Kremlin. It was easy to see why. In the next breath she referred angrily to the parties given by one of her well-paid neighbors, a minor government official. She must have reasoned in this wise: If that tiny "Stalin" who is one-thousandth as important as the big Stalin lives thus, then the big Stalin lives a thousand times better. What could be more natural for a primitive mind, and what could be more harmful from the point of view of Bolshevik politics?

This glimpse of Soviet reality reflects an emerging state of mind. When a Soviet citizen complains of inequality he forgets those below him and proceeds, with much self-pity, to compare himself with the strata above him. It has become commonplace to speak of the wealth and immense royalties of Soviet authors and journalists. Yet I have heard Soviet authors justify their large incomes, and protest that they are much worse off than first-rank Commissars.

The non-collectivized peasant dislikes the favoritism shown to members of collectives; the collectivized peasant resents the special advantages given to the workingman; the workingman looks askance at the privileged position of the *udarnik.* The *udarnik,* on the other hand, cannot understand the huge discrimination in favor of the technician, while the technician thinks he ought to be on a par with the engineer. But the engineer is jealous of the foreign specialist, and sees no reason why certain doors open to the scientist are closed to him. The scientist in turn dreams of the luxuries enjoyed by the writers, who say that some scientists and inventors and all Cabinet members are better taken care of than they.

What are the privileges which are being discussed by Soviet citizens with so much warmth? A small open car now produced at Nizhni Novgorod by the thousands calls for Comrade So-and-So in the mornings and brings him home after working hours. Under normal conditions in any other capital a similar official would jump on a bus or trolley, or even take a taxi. But in Moscow the buses are irregular, street cars can usually be boarded only by acrobats, and taxis are a rare and fleeting sight.

A new house is completed. Certain workers, certain officials, certain writers are assigned apartments in it. They immediately become a privileged class, for there are not yet enough apartments to accommodate everybody. Not so long ago, butter, vegetables, sugar, candy and so forth were scarce; they are still expensive. The citizen who has access to a store which sells these commodities cheaply is a privileged person.

In the Putilov factory, as in most

plants, there are separate restaurants for *udarniks* and other workingmen. The difference usually is that the *udarnik* restaurant serves a dessert with the dinner, and the other does not. The *udarnik* restaurant, moreover, probably changes its tablecloths once a week, while in the other they are even dirtier.

The margin between privilege and non-privilege may be so narrow as to comprise nothing more than a pair of shoes or an extra room. Yet the value of these simple benefits is greater than elsewhere because of their scarcity. A few years ago there was the same stratification of the population according to privileges, but it meant next to nothing because so few comforts and necessities, much less luxuries, were available. The recent increase in the supply of goods and perquisites has invested these privileges with considerable importance. Hence the sudden interest in inequality. But a still further increase will wipe out many privileges altogether. Privilege is the product of scarcity. Yet it also marks the beginning of the end of scarcity and therefore the beginning of its own end.

At the present moment, when the reaction against privilege is great, the tendency away from privilege is becoming noticeable. Here is the core of the problem: In the Soviet Union, what one earns counts much less than what one can do with one's earnings. Comrade A earns 1,800 rubles a month. Comrade B earns 600 rubles. But Comrade B may be better off than Comrade A because his ruble may be worth three or four or five of Comrade A's rubles. This is why any statement regarding Soviet salaries is meaningless unless accompanied by information on prices in the stores where the salaries are spent. And where one spends is determined by one's privileged position.

A pound of vegetables may sell at three prices along the same Moscow street. The closed cooperative of a factory or commissariat asks x kopeks for them. A commercial store open to all asks $3x$ for them. The peasant market asks $4x$. And they all get what they ask because no one or two of these institutions can satisfy the entire demand. If, in a condition of scarcity, there were one low price, the high-salaried man would be dissatisfied because he could not spend his money, and because the poorly paid might anticipate him and buy up what he needs. If there were one high price, the low brackets would protest and demand higher wages; to satisfy this demand would mean to print more money and inflate. The Soviet Government is trying to deflate.

But now, with supply slowly approximating demand, the authorities are trying to establish uniform prices. Often this is done by gradually depressing the commercial and market prices and raising the cooperative price so that they may meet at a golden mean. When supply equals demand, the result will be one price and a one-value ruble. This will tend to abolish those privileges which grow out of scarcity.

Concretely, when there are three prices, it is a privilege to buy at the cheapest price. When there is one price, privilege is precluded. Of course, all this will take time, and it must be preceded by an adjustment of salaries to accommodate those whose incomes today allow them to buy only at low prices. During this period of adjustment, the cry against privilege will continue.

The trend, however, has already commenced. In 1931 and 1932 a number of commodities, such as men's

suits, underwear and kitchen utensils were sold only to *udarniks*. But today any one who has the money can buy these articles because there are enough of them. More and more shops display signs which read, "Open to All Citizens." Formerly, access to the spas and sanatoria of the country was limited to workingmen and influential government officials. But with the enlargement of old and the development of new resorts, it is difficult to meet a city inhabitant who has not spent some time in a sanatorium or rest home, and the peasants are also beginning to be drawn in.

Until a few months ago, the persons who were lucky enough to receive remittances from abroad or who had been providential or rich enough to have gold trinkets or coins could get almost anything they wanted in special Torgsin shops. But already some of these shops are being closed, and the goods of which they had a monopoly—imported woolens and shoes, for instance—can be acquired by the ordinary citizen in ordinary stores. In general, the crass demarcation between the Torgsin public and the rest of Soviet humanity is no more.

The movement against inequality is in reality a wave of resentment against a miserable standard of living. This is a healthy phenomenon when a reasonable prospect exists that the yearning for better conditions can be satisfied. I have heard and taken part in many private discussions of Soviet citizens on the subject of inequality and privilege. Nobody ever suggests that equality is desirable. The target of attack is always the excessively wide gulf between uppermost and nethermost. Nobody ever suggests that this evil should be cured by lowering the upper level. The goal is the raising of the lower level, and this conforms with the Soviets' chief aim.

Something very human has happened in the Soviet Union. Having been starved for years for comforts and luxuries, the people made a mad rush for them the moment the factories began turning them out. They attached an inordinate importance to material goods and grabbed whatever they could reach. Those in the highest positions often proved to have the longest arms. Here was a loop-hole for abuse. Party and government officials commenced banqueting one another and sending one another on trips with fat expense allowances. The heavy hammer of the Kremlin has cracked down on the thin skulls of some of these sinners, but many are still intact.

Actually, the backsliders are claiming much less than would abroad constitute a decent life for a lower middle-class citizen. But here, against the universal background of bad standards, they appear as so many Lucullan revelers or perverted millionaires. Without this perspective the picture becomes distorted. Another factor helps toward an understanding of the situation—the privileged groups are difficult to define. If the front-rank commissars, army commanders, what was formerly the G. P. U., the militia, writers and the best scientists constitute the first class, many workers follow closely, and certainly many workers are better off than many officials. Some physicians are well situated, others poorly situated. Access to good and cheap-priced shops occasionally increases the real value of the income of a high-salaried engineer; sometimes, too, it helps a man with a low wage. Moreover, a factory can easily put its entire staff on a privileged basis by establishing an excellent dairy farm of its own or by

building a few blocks of houses for its employes.

In the Soviet Union, then, there is inequality of wages and there is privilege which enhances that inequality. When the low-paid are privileged, a balance is achieved. But today the high-paid have extra privileges to boot, and this makes them doubly favored.

At present there are millions of privileged citizens in the Soviet Union. In fact, almost every one enjoys one privilege or another. When distribution of necessities and comforts becomes normal there will be fewer privileged people. Citizens will not need privileges to live. A greater volume of production will eliminate some privileges that are altogether unnecessary. But it will create others.

Today inequality may be the difference of having one suit or two. Tomorrow it may be represented by an automobile; the day after by the difference between a Soviet "Ford" and a Soviet "Buick-Chrysler." Since the Soviet system does not prohibit the holding of private property—it objects only to private capital, that is, to wealth that can produce more wealth—and since it encourages a graduated scale of income according to ability and training, there will always be inequality under the Soviets.

I do not believe that inequality in the form it may ultimately take in the Soviet Union is a cardinal sin. Whether inequality must lead to privilege is a far more serious issue. Here, too, I must suggest that it is not so much the enjoyment of privileges that is harmful. The worst feature of the existence of privileges is that they can cease to exist for a given person, for by cleverly utilizing the threat to withdraw a privilege that person may be kept subservient and obedient. The real menace is that a privilege may become a weapon to enforce submission.

Now we have entered the realm of the future with hypotheses our only guide. Corruption, nepotism, self-perpetuation, and so forth, are crimes against Bolshevik ethics and are severely punished. Moreover, every Soviet citizen may appeal to the highest authority in the land. There are millions of skeins of red tape in the first Communist State, but a brief letter to the Moscow *Pravda* can cut them all. Nevertheless, I do not know what will happen, and the danger that privilege will develop into a corroding moral influence undoubtedly exists.

There is only this warning that should be added: We all noted the demoralization induced by the New Economic Policy from 1921 to 1927. Most observers darkly prophesied the impending re-establishment of capitalism. Then suddenly NEP was banished. The Soviet régime possesses great reserves of administrative action and moral strength, and I believe that it will at least make an effort to cope with the inequality-plus-privilege situation when it begins to weaken the social fabric.

Poincaré: A Great French Patriot

By CHARLES WOOLSEY COLE*

IT is a safe estimate that four out of every five French newspapers when commenting on the death on Oct. 15 of their wartime President declared that what France needs today is another Poincaré. In Poincaré the French felt they had a man whom in a time of crisis they could trust. The feeling did not arise from any striking qualities in his personality, for he could hardly be called impressive. Short, squat, stocky, with a high voice and a flaccid handshake, his most reassuring traits were a keen eye and that firm jaw which caused Alexandre Dumas the younger to exclaim on seeing him as a youth: "*Sacré bleu!* When that fellow gets hold of a bone he'll not let it go."

Poincaré's intellectual qualities won him respect; his literary abilities gained him admission to the Academy; his impeccable personal honesty raised him above the rank and file of party politicians. But such characteristics are not heart-warming, and their effect was counteracted by a frigidity of manner and speech through which his emotions rarely broke. "The more he is in the right," a friend once said of him, "the colder he gets." Poincaré's supporters, to set him off against Clemenceau, the Tiger, tried to dub him the Lion of Lorraine. But there was so little in him that was leonine that the name refused to stick.

Nor was it Poincaré's political career that explained the confidence displayed in him by the French people. He was a Deputy for sixteen years, a Senator for twenty, President for seven. Twice Minister of Education, thrice Minister of Finance, thrice Minister of Foreign Affairs, thrice Premier, Poincaré crammed his life with political service. But the French are too cynical about the methods by which political success is attained to be deeply impressed merely by such a record.

His avoidance of too close an alliance with any party served, however, to enhance his reputation. In his early years Poincaré was identified with the Republicans of the Left. But he was elected to the Presidency in 1913, in defiance of party discipline and despite the pleas of a half-dozen ex-Premiers, by the aid of votes from the Right, won, it was said, by the fact that his wife was a devout Catholic and had persuaded him to submit to a religious marriage ceremony. At the height of his career, Poincaré was somehow above parties and strove to unite all shades of opinion on what he regarded as truly national policies. In the crisis of 1926 he gained the support of Herriot and the Radical Socialists, and in the early post-war years there was even, for a while, a curious sympathy between him and Léon Daudet, which gave rise to the rumor that the Royalists had some sort of hold over him.

It was his unquestioned and persistent nationalism, or, better, patri-

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otism, or, better still, chauvinism, that gained for Poincaré the support and trust of the great majority of the French people. Born at Bar-le-Duc, in Lorraine, on Aug. 20, 1860, Poincaré as a child saw the Prussian troops sweep into his native city and occupy his own home. He never forgot those days, and he surpassed in his devotion to France even the traditional loyalty of the Lorrainer. On one occasion he remarked in retrospect: "I could not see for my generation any reason for existing, unless it were for the hope of recovering our lost provinces." Perhaps the greatest moment of Poincaré's life was the celebration before the flower-heaped statue of Strasbourg, in the Place de la Concorde, on Nov. 17, 1918, when he said, "For forty-eight years our inconsolable grief has clothed this statue of sadness with crêpe and funeral wreaths," and made for his speech an exulting refrain of the words, "Alsace and Lorraine have again become French."

If his enduring patriotism helps to explain his hold on the French people, the fact that Poincaré was a lawyer throws much light on other phases of his career. Admitted to the bar in 1880, he secured, three years later, a position in the office of M. du Buit, an important corporation lawyer. From the age of 20 to that of 51, save for the intervals when he held a Cabinet post, Poincarè devoted most of his time to practice at the bar. "Politics should not be a profession," he remarked. Thus he clung to his legal practice, which grew in importance as the years went on.

How seriously he took his work as a lawyer is indicated by his lifelong ambition to become titular head of the French bar. A friend once said of him: "In the course of his long career he has deserved and obtained all honors. None, I am sure, was more precious to him than his election to the position of *bâtonnier*." It was somewhat ironical that this prized post came to him only in 1931, at a time when his health was so poor that he had to resign the office after an incumbency which lasted less than four months.

Poincaré's career in the law gave him a legalistic turn of mind which tended to make his public speeches resemble briefs and his public policies the partisan efforts of a lawyer for his client. It brought him a comfortable fortune, which, augmented by inheritance, amounted in 1913 to something like 3,000,000 francs. It brought him a great reputation, since before the war he and Millerand were considered the leading lawyers of France. It brought him, and this perhaps was most important of all, a close contact with big business.

As a corporation lawyer he worked particularly for the great industrial concerns of Northern France—for example, the chemical trust of Saint-Gobain. There is no evidence that his clients ever exerted an improper influence over him in his official life, but in a deeper sense Poincaré became the man of the big industrialists. He acquired their point of view and represented their interests with a devotion second only to that aroused in him by his native land. Sometimes he seemed almost to confuse the needs of France with those of big business. He denied ever having been engaged directly by the *Comité des Forges,* but there were moments when that great combination of metal companies could not have asked for a more assiduous advocate.

Before 1912 Poincaré's career was that of a distinguished lawyer-politician-writer-patriot. The ensuing years brought him fame. The French public had regarded with patriotic

dismay the policy which they felt to be one of undue concessions to Germany. It began in 1905 with the dismissal after the Tangier affair of the Germanophobe Foreign Minister Delcassé. It had culminated in 1911 in the treaty negotiated by Caillaux, after the Agadir crisis, by which France gave to Germany a large slice of the French Congo in return for the recognition of the predominance of French interests in Morocco. Caillaux was forced to retire and a chauvinist wave brought Poincaré to the Premiership, where he gave France a strong, a "proud" foreign policy. Poincaré secured the ratification of the treaty. But he symbolized the change of front by including Delcassé in his Cabinet.

Once in office, Poincaré turned to the work that was to occupy him till 1914—the increase of French military power and the consolidation of the Triple Entente. His elevation to the Presidency in 1913 scarcely interrupted his efforts. Rather it put the seal of popular approval on them and epitomized the triumph of a firmly patriotic policy; so much so that some well-informed people, when they heard the news of his election, murmured: "Poincaré—that means war."

Whether Poincaré wanted war or not may still be disputed. He denied the allegation with such passionate iteration that it gave rise to the comment that France was fortunate in possessing a man who could both make and unmake history. It is clear, however, that between 1911 and 1914 Poincaré helped to transform the Triple Entente, originally a defensive alliance, into a potentially offensive one. By his encouragement of the military and naval conversations with Great Britain and Russia, by his dealings with Izvolski, by his share in the corruption of the French press with Russian gold, and by his part in the recall of the pacific Georges Louis from St. Petersburg, Poincaré played an important rôle in setting the scene for the World War.

Even more specifically, Poincaré's attitude during his visit to St. Petersburg in July, 1914, undoubtedly helped to convince the Russian militarists that in their support of Serbia they could count on the armed assistance of France. Given the atmosphere of the moment, the Russians could scarcely fail to be impressed by such statements from Poincaré as, "Sazanov must be firm and we must support him," or by such remarks as that made by him to the Austrian Ambassador, "Serbia has very warm friends in the Russian people, and Russia has an ally—France."

In short, if Poincaré did not want the war he cannot be accused of not wanting it. In later years Poincaré resented the criticism of his acts in 1914 more as a libel upon his country than as an attack upon his personal motives. He displayed this attitude so clearly in the debates in the Chamber of Deputies in July, 1922, when the whole question of his war guilt was thoroughly discussed, that a Communist twitted him with confusing himself with France. The debate was precipitated by Poincaré's friends over an incident which shows how sensitive the war President had become.

For some months the Communists had maintained the thesis of Poincaré's responsibility for the war. They ended every speech with a thrust at *Poincaré-la-guerre.* Then they discovered a photograph which showed Poincaré and the American Ambassador Herrick walking through a war cemetery at Verdun, *smiling. L'Humanité* published it with the caption, "The man who laughs in the presence of the dead." Poincaré's adherents an-

nounced that the plate had been tampered with; Poincaré himself explained that the sun in his eyes had produced a slight contraction of the facial muscles, which was most certainly not a smile. But the Communists insisted on speaking of Poincaré not only as a man who had precipitated the war but as one who went about gloating over his victims in ghoulish glee. A reference to the matter in the Chamber brought on the debate which to Poincaré seemed most untimely, in view of his efforts to collect reparations from Germany.

Whatever Poincaré's responsibility for the war may have been, during that struggle he became the immovable focus of French patriotism and will to victory. The Premiership shifted from Viviani to Briand to Ribot to Painlevé. But Poincaré was always there. In the crisis of 1917 he thought of assuming the Premiership as well as the Presidency. But rather than strain the constitutional laws so far, he called in his ancient enemy, Clemenceau. Clemenceau had opposed Poincaré for the Presidency. In August, 1914, a dispute between the two had grown so bitter that Poincaré's restraint had broken down and he had said to the Tiger: "You're a fool, a thorough fool!" But in the emergency he knew that he could count on Clemenceau's patriotism as on his own, and his confidence was not misplaced. The Tiger guided France to victory.

As a result it was Clemenceau, not Poincaré, who held the spotlight during the Peace Conference and dominated the decisions. This to Poincaré was a national as well as a personal tragedy, for, with Foch, he was convinced that France ought to have the whole left bank of the Rhine and, so as to insure the payment of reparations, the privilege of occupying indefinitely a large sector of the right bank. In his eyes Clemenceau's compromise was shamefully weak. It was Poincaré's criticism of the peace terms and his insistence on keeping Germany crushed that brought him quickly to the fore in the post-war years. His term as President was no sooner over in 1920 than he was elected to the Senate. From the Luxembourg and in the columns of the *Revue des Deux Mondes,* the *Matin* and the *Temps* he poured forth a steady stream of patriotic comment. Thus it was that in 1922 he was called to the Premiership as the man who would end all weakness of policy and make Germany pay.

In many ways the months that ensued—the months of the Ruhr adventure—are the most typical of Poincaré's life, for in them he displayed all his genius as patriot, lawyer and representative of big business. As a patriot the occupation of the Ruhr seemed to him essential to force Germany to pay for the reconstruction of devastated France. He was convinced that the Germans could pay if they would, and should pay if they could. All that was needed was a firm hand and the seizure of what Poincaré called "productive guarantees." Furthermore, by taking over the industrial centre which produced 80 per cent of the coal, iron and steel of Germany, the nightmare of a German *revanche,* which was beginning to haunt the French mind, might be indefinitely postponed.

The case was even clearer to Poincaré the lawyer. By occupying the Ruhr he was merely securing payment for his client—France—by foreclosing on a bad mortgage. At the time he is reported to have said to a small gathering: "The rules of law between nations should be the same as the rules of law between individuals. * * * The Germans are, quite

simply, people who, judged in all equity, have lost their case. Now they are condemned to pay. If they do not settle their obligations, they should be constrained to do so, just as individuals are constrained by means of Sheriff's officers. A sentence should always be carried out in full."

But it was as a representative of big business that the arguments for the occupation of the Ruhr presented themselves most cogently to Poincaré. There were two great industrial combines peculiarly involved in the situation—the *Comité des Textiles* and the *Comité des Forges.*

The case of the *Comité des Textiles* was becoming urgent. The inclusion of the great Alsatian textile mills, like those of Muelhausen, within the French boundaries had created an enormous potential competitionfor the French market. This tension had been eased by the provisions of the Versailles Treaty which forbade Germany to levy a tariff on Alsatian goods for a term of years. By 1922, however, the inflation of the mark had raised a barrier against them more effective than any customs duty. At the same time the great textile centres of Northern France, like Lille and Roubaix-Turcoing, were attaining full production. A glut of textiles on the French market which would jeopardize profits was imminent. Extension of French control over a wealthy and populous section of Germany, which might be expected to absorb a great quantity of Alsatian textiles, seemed a happy solution.

Even more pressing was the situation of the *Comité des Forges.* The return of Lorraine gave France the greatest iron ore reserves of Europe. Yet France and Lorraine together fell short each year by some millions of tons of producing enough coke to supply the blast furnaces which smelted this ore. The Versailles Treaty had sought to provide a remedy by giving France the mines of the Saar. But there remained the stubborn technological fact that Saar coal was unsuited to the iron ore of Lorraine. The peace treaty, therefore, had further stipulated that Germany was to deliver to France annually for a long term of years large quantities of coal and coke. It was on Ruhr coke thus secured that the blast furnaces of Lorraine subsisted in the years immediately after the war. Indeed so dependent were they on it, that if the supply fell short some of them were forced to close.

But could the *Comité des Forges* count on such deliveries? It seemed not. The Germans, while ready to sell their coke, were growing reluctant to deliver it as part of reparations. Dependence on Ruhr coke put the iron works of Lorraine at the mercy of action by the German Government, at the mercy of the hostility of German mine owners, at the mercy even of strikes or social unrest in the Ruhr. To the *Comité des Forges* such a situation was intolerable.

As early as May, 1921, Le Prevost de Launay, president of the board of directors of one of the member companies of the *Comité des Forges,* urged that the Ruhr be occupied. The French press subsidized by the *Comité* took up the cry. By May, 1922, it was being freely prophesied that at the behest of the *Comité,* Poincaré would find some excuse to occupy the Ruhr. In that month M. Dariac, president of the finance committee of the Chamber of Deputies, whom Poincaré had sent into the Ruhr to investigate conditions, made his report. He insisted on the necessity of wedding the Ruhr coke to the Lorraine iron ore. "The French metal industry," he said, "cannot live without the German coke."

In December, 1922, through the influence of the French, the Reparations Commission declared Germany to be in default for the non-delivery of 140,000 telephone poles. Defaults in coke and coal deliveries were quickly added to the score, since Germany in the throes of inflation had fallen 16 per cent short of the stipulated amounts. Poincaré had his court judgment; he proceeded to foreclose.

Early in January, 1923, he sent into the Ruhr a group of French engineers, of whom MM. Coste, Aron, Daum and Langrogne had been closely associated with the *Comité des Forges*. The operation, Poincaré insisted, was not of a military nature. The engineers were to supervise the productive economy of the region and secure deliveries of coal to the French. The thousands of troops who were marched into the Ruhr were, he declared, not combatants, not conquerors, but merely "the indispensable protectors of our technical missions."

In the speech before the Chamber of Deputies on Jan. 11, 1923, in which he defended the occupation of the Ruhr, Poincaré was quite frank in admitting that France was going into the Ruhr to get coal. "Germany has not given us the coal she owed us," he said. "It is perfectly natural, therefore, that we should go to seek it now in the shafts of her mines. * * * France cannot, because of her needs, tolerate any shortcomings in the deliveries of coke and coal." Poincaré painted a pathetic picture of the blast furnaces of Lorraine reduced to operating at 50 or 55 per cent of capacity for lack of German coke.

When an interruption from the Left indicated that some members of the Chamber considered the Ruhr occupation to be motivated by the interests of the *Comité des Forges,* Poincaré denied the implication. He pointed out that the *Comité* could have secured coke by private purchase from the Germans, but that this it had patriotically refused to do lest it interfere with the reparations situation. This contention François de Wendel, a leading figure in the *Comité des Forges,* enthusiastically confirmed. The reaction of the Chamber is indicated in the report of the speech by the words, "varied exclamations."

However mixed the motives which drove Poincaré into the Ruhr, there can be little doubt that the result was a failure, almost unalloyed. Poincaré ran squarely into the granite wall of passive resistance in the Ruhr and the stark facts of uncontrolled inflation and economic breakdown in Germany. During the occupation the French secured only one-fourth the amount of Ruhr coal which they had received previously in similar periods of time. The efforts to encourage a separatist movement in the Rhineland collapsed dismally. The friendship of the British was completely alienated. The French franc dropped from 13.55 to the dollar on Jan. 2, 1923, to 20.53 on Jan. 3, 1924.

A settlement of the whole Ruhr imbroglio came only with the adoption of the Dawes plan. This was made possible by the elections of May 11, 1924, which turned Poincaré out of power and brought in the somewhat less nationalistic *Cartel des Gauches* (the bloc of Left parties).

The most serious of the results of the Ruhr occupation was something which the legalistic and patriotic Poincaré could not grasp at the time —the intensification of German nationalism. As one German remarked, "two men have united the German people—Bismarck in 1871 and Poincaré in 1923." It was no chance that Hitler's abortive Munich putsch came in November, 1923. It is symbolic that in May, 1933, 500,000 Nazis gath-

ered to pay homage to a man named Schlageter whom the French had executed ten years earlier in the Ruhr. As Léon Blum, with remarkable foresight, pointed out in the French Chamber in December, 1923, Poincaré's Ruhr policy led straight to the triumph in Germany of extreme nationalism, to the ruin of the Socialist party, to dictatorship and to Hitler.

The Ruhr disaster would have ended the political career of a lesser man, but the French judged as a venial sin too great zeal in endeavoring to collect from Germany. The episode, in fact, confirmed public opinion as to Poincaré's stalwart and undeviating patriotism. Thus it was that when the franc dropped to 49.22 to the dollar on July 20, 1926, it was Poincaré who was called in to save the French currency. He took office on July 24, and by December the franc was resting comfortably at 25 to the dollar, where it stayed until two years later, when it was officially stabilized at that figure. Poincaré, a bourgeois to the core, would have preferred to see it stabilized at a higher value so that the losses of the great French *rentier* class might have been reduced.

But the interesting feature of the salvage of the franc is that its fall was largely the result of Poincaré's own policy. His insistence that Germany must pay for reconstructing France helped to encourage the French to spend 100,000,000,000 francs on the restoration of the devastated areas, to cover an enormous budget deficit by carrying a separate account labeled "expenditures recoverable from Germany" and to neglect any program of increased taxation and decreased expenses. During Poincaré's own years as Premier (1922-24) the budget deficit totaled some 50,000,000,000 francs.

The remedy of the situation lay in the abandonment of Poincaré's reparations policy, and this was effected by the shifting Ministries of the *Cartel des Gauches*. It was their committee of experts, too, that outlined the necessary policies of taxation and economy. But to save the franc in 1926 there was need of a man in whom the French had confidence and whose leadership they would accept. Once Poincaré came to power all the psychological imponderables shifted. Speculation turned in favor of the franc. Capital that had fled returned to France. So buoyantly did the franc rise that the French were enabled to build up the vast resources of foreign exchange which enabled them to secure, momentarily at least, the financial hegemony of Europe.

Just before ill-health forced his retirement from public life in August, 1929, Poincaré secured the ratification of the Mellon-Bérenger agreement on the French war debts to America. As in so many other things his efforts ultimately went for naught, for though the agreement was ratified, its operation was suspended by the Hoover Moratorium in 1931 and it was virtually canceled by the French in 1932.

Yet France has been ready to forget Poincaré's failures and to remember what he stood for. He was never popular in France, but the French rewarded him with something better than popularity—their implicit trust. They felt that if he erred it was from an excess of patriotism, and this they could readily forgive. They felt that he was dominated by national, not personal motives. The popular mind endowed him with an almost superhuman firmness and determination. It is to this Poincaré, half man, half myth, that the French from amid their troubles now look back with longing.

Moro Fears of Filipino Rule

By Thomas Steep*

INVOLVED in the proposal of the United States to cut loose from the Philippines is the plight of 450,000 Moros. These fiery and warlike people, who profess Mohammedanism and live under the American flag in the southern islands of Sulu, Palawan and Mindanao, have sworn that they will fight if they are abandoned to the rule of the Christian Filipinos.

I once attended with Governor General Leonard Wood a meeting at which the Moros expressed their grievances. It was on the little island of Jolo, in the Sulu group. In the shade of a cocoanut grove, an old datu, standing indignantly erect with an American flag on a bamboo pole slung over his shoulder, berated Congress for having neglected his people. He had the tense dramatic fervor of an actor in a play. His feet were bare, his legs clad in skin-tight breeches; his short jacket was aglitter with spangles and his teeth were black from the betelnut he was chewing. About him, in a circle on the ground, squatted the datus of the people who lived on Jolo and the adjacent islands.

Dramatizing his Arabic dialect with vehement gestures, the datu proclaimed the right of his people to live according to their ancient customs. They wished, he said, to be protected from "civilization." They could find no useful purpose in the gibberish known as "bamboo English" that was taught them by Filipino teachers in the jungle schools. They disliked the white man's innovations, electric lights, newspapers, sanitation, highways, automobiles, pork and policemen. But what chagrined them most was that the United States, by disarming them, had exposed them to their enemies, the Christian Filipinos, and had threatened, in the event of giving independence to the islands, to abandon them altogether.

"I am an old man," said the datu, drawing his barong, a short work knife, from its sheath in his belt, "but I will die in battle with my hand upraised ready to strike, if the United States, which has promised to protect us, surrenders us to our enemies. What becomes of our petitions to the all-powerful Congress, praying for freedom from the Filipinos? The all-powerful Congress never answers our prayers. Has it forgotten us?"

The Moros are the Mohammedan and partly Hindu descendants of Malay pirates; they obtained their name from the Spaniards, who mistook them for Moors. In their frail praos, with outriggers and painted butterfly sails, they swarmed over the Celebes and Sulu Seas in the fourteenth and fifteenth centuries and settled in the Southern Philippines. Driving into the mountains the aborigines (a black, dwarfish, thick-lipped, kinky-haired people addicted to moon worship, polyandry, poisoned arrows and blowguns), they established villages along the shores near the present sites of Jolo and Zamboanga.

Here they lived under conditions

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favorable to piracy. They built their huts on stilts overhanging the water; they ate fish, fowl, wild animals, mangoes, cocoanuts, bananas and the luscious mangosteen. In their fondness for appearances they wrapped strips of tinted cloth about their heads for turbans, blackened their teeth with betelnut, wore jeweled pins in the braids of their hair, chose bright hues for their tight breeches and jackets and in their sashes carried krises and barongs. They traded in pearls, textiles, sponges, hammered metals and carved wood. But their chief business was piracy.

From their islands the Moros pushed northward, looting and burning the villages and towns of the natives, slaughtering those who opposed them and kidnapping the young men for their slaves and the pretty women for their harems. They sacked Manila, where the massive stone wall around the old city still testifies to the terror they inspired.

Spanish gunboats eventually curtailed the piracy, but the Moros never submitted to Spanish rule. The Spaniards gladly signed a truce with them under which they withdrew to the southern islands. Legaspi, the first Spanish conquistador to arrive after Magellan's survivors had returned home, said that the Moros were learned in Arabic books and in Mohammedanism, while the natives in the northern islands, the present Christian Filipinos, had no written records or religion.

The Moros were virtually independent when the United States appeared on the scene in 1898. They were scattered sparsely over a territory about the size of New England. In their towns with them were the descendants of the Filipinos whom they had enslaved and converted to Mohammedanism. They regarded their neighbors in the north as enemies and, anticipating that these enemies might one day swoop down upon them in revenge, they had transformed the craters of numerous extinct volcanoes into arsenals, stacked with guns, handmade cannon and piratical cutlery.

When the United States took control American military administrators were sent from Manila to "pacify" the Moros. The administrators, largely because of their inexperience in colonial affairs, acted in sublime ignorance of the Moro temperament. They unfurled American flags from the walls of Zamboanga and Jolo and sent American brass bands, playing Sousa marches, up jungle trails, hoping thereby to excite patriotic fervor in the Moros, who, however, were uninformed as to the meaning of patriotism.

The Moros were unable to perceive that the American soldiers were any different from the Spanish soldiers with whom they had been in conflict and they feared the Americans would permit the Filipinos to rule over them. True, the Sultan of Sulu, grown fat and effete with too much luxury and preoccupied with collecting pearls which he distributed to the favorites in his harem, was content to accept a yearly stipend from the United States as the price of his submission. But the Moro people, on the appearance of the American troops, retreated to the mountains and began to rub the rust off their guns and swords.

A former Governor General of the Philippines, W. Cameron Forbes, who was not unfriendly to the Moros, said that if they had been approached tactfully by civil instead of by military officials, they might have been dissuaded from starting a war during which, over a period of years, American soldiers were called upon for the first time to aim their guns at women

and children. The army commanders attempted to abolish summarily by edicts the Moros' ancient customs, including polygamy and the carrying of arms. Military officials believed reforms could be effected by punishments. They warred upon the Moros, and the Moros resisted.

For a decade American soldiers took potshots at Moro "outlaws" with no result except to improve their marksmanship, emphasizing again the blunder in the first instance of giving the job to the army. Seven years later General Pershing was still chasing Moros and was expressing himself as reluctant to shoot women and children. "There are enough troops on the island of Jolo," he said, "to smother the defiant element, but the conditions are such that if we attempt such a thing the loss of life among innocent women and children would be very great." When reporting to military headquarters in Manila on the "outlaws" who had fortified themselves in the crater of Bud Bagsak, he pointed out that "it is a common thing among these people to have their women and children follow them into these *cotas*. * * * I am not prepared to rush in and attack them while they are surrounded by their women and children." The crater on Bud Bagsak nevertheless was subsequently stormed "when most of the women and children were absent," the implication being that some of them remained and perished.

Goaded into the belief that the Americans designed to annihilate them as a tribe in order to make room for the Christian Filipinos, the Moros manufactured guns and cannon in quantity. The American Army accordingly issued an order, which was published in Arabic, forbidding any Moro, under penalty of being punished as an outlaw, to carry any explosive weapon or "any bowie knife, dirk, dagger, kris, campilan, spear or other deadly cutting or thrusting weapon."

The wisest of the Moros, who were not hostile to the American commanders, pleaded against the enforcement of the order. "Our people have never known what it is to be unarmed," they said. "How shall we protect ourselves against our enemies?" When told that they had no enemies they replied: "The people of the north, the Christian Filipinos, who hate us and fear us, are our enemies." To the statement that the United States would protect them, they said: "For the present, maybe. But there has been talk that the United States will one day withdraw, and then the Filipinos will attack us and, without our arms, we shall perish."

But the day was not distant when they were to cry, "Give us back our guns." In 1913 Francis Burton Harrison, then Governor General, terrorized the Moros by announcing his intention to "Filipinize" them under a policy of treating all the races of the islands as a homogeneous unit. Filipinos replaced American teachers in the land of the Moros, and Filipino soldiers, filling the ranks of the constabulary, assumed rôles of prosecutors and judges in the enforcement of Filipino laws. Residents of the northern islands, with lawyers and politicians in plentiful supply, migrated southward to help "Filipinize" the Moros by intermarriage and assimilation.

The Moros' grievances began to pile up. They complained that the Filipinos, in addition to using the ordinary forms of oppression, invented new ones. The Filipino magistrates, they said, kept pigs in the court rooms to insult Mohammedan defendants; the Filipinos taxed the Moros for homes, wells, cemeteries and even the plots that were staked off in the

rivers to protect Moro babies, while playing in the water, from being eaten by crocodiles; they held Mohammedan marriages to be illegal, branding Moro wives as concubines and Moro children as illegitimate; they defrauded the Moros in trade, taking hemp, copra and coffee for one-tenth the value in matches, salt and needles; they used the butts of rifles to remind the Moros to salute the Filipino flag; they kept Moros in jail without trial. In a word, the Filipinos made life for the Moros intolerable.

It became noticeable that Christian Filipinos were murdered more frequently. Their bodies were found disemboweled in the streets or impaled with knives to the trunks of palm trees. The Moros, in their mad desire for revenge, ran amuck, or, assured of eternal bliss by destroying one or more unbelievers, they shaved their heads, donned a white garment, had themselves blessed and ran through the streets, stabbing as many Christians as possible.

Filipino politicians have regarded the "Moro problem" as a possible obstacle to independence and have always attempted to minimize it. In answer to the claim that Filipinos and Moros are hereditary enemies, they have contended that all the tribes and races in the islands are homogeneous. At a hearing before the Insular Affairs Committee of the House of Representatives in January, 1932, Manuel Roxas, Speaker of the Philippine House, testified:

"It is often said in this country by casual visitors to the Philippine Islands that the greatest problem is the Moro problem. We have studied Philippine conditions for many years, and just what is meant by the so-called Moro problem is something we have not yet discovered. * * * Of course, if the problem is to Christianize the Mohammedan Filipinos, that problem has not been solved and will not be solved by anything the government can do. * * * Why did the Mohammedan Filipinos resist the government in the early days? Because the *Philippine Commission* passed a law making it compulsory for every child to go to the schools. The government tried to stamp out polygamy by law. The government tried to compel the girls and the women of the Moro population to enter the schools, something that was fundamentally contrary to their religion. * * * The rumors that are being circulated in this country [the United States] that the Moros have a traditional hatred for the Christian Filipinos have absolutely no foundation."

When Representative Joseph L. Hooper of Michigan said at the hearing that he had read in many books that there was a deep-seated hatred on the part of the Mohammedan Filipinos for their Christian neighbors, Mr. Roxas replied: "It is our honest belief that there is no truth to such assertions."

If Mr. Roxas believed that the Moros and the Christian Filipinos were a unit, he perhaps had not witnessed, as I had, scenes in Zamboanga when mobs of angry Moros threatened to butcher the resident Filipinos. In 1926 Colonel Carmi Thompson of Ohio arrived in Zamboanga. As he was the personal representative of President Coolidge, both Moros and Filipinos prepared to receive him. To avoid overcrowding the dock it had been agreed that the townspeople were to stay inland near the plaza, the Moros on one side of the street and the Filipinos on the other. When Colonel Thompson stepped off the boat, the Filipinos, disregarding the agreement, stampeded to the dock and began yelling for independence. The

Moros, who had remained where they had promised, whipped out their barongs, loudly proclaiming with Arabic war whoops that they were ready to cut Filipino throats. Only the intervention of the small available force of American troops prevented serious disorder.

Nor did Mr. Roxas agree with the official report of the Wood-Forbes Mission to the islands, which said: "The Moros are a unit against independence." Apparently, also, Mr. Roxas did not recall that many Moro petitions to Congress had somehow disappeared when they reached Manila and never got to Washington.

Patrick J. Hurley, then Secretary of War, declared before the same hearing at which Mr. Roxas appeared that Congress up to that year, 1932, had not fulfilled its obligations to the Moros. "The Moros have been disarmed," he said. "They have been deprived of their old method of self-preservation and self-defense. But they have not made, in thirty years, the progress that the Christian Filipinos have made in that time, because the Christian Filipinos had more than three centuries of foundation to start with." The United States should frankly face the fact that it has disarmed the citizens of the Sulu Archipelago and the mountain provinces of Luzon and Mindanao, with the understanding that it would prepare them for citizenship where they could maintain their rights in a civil government without the use of arms. It has not brought them to the place where they have the capacity to defend their rights through civil process. They have not even the capacity to elect their own Representatives and Governor. Congress, of course, may be told that the Filipinos will carry on the work of preparing these backward people for citizenship, but Congress should remember also that it is delivering these same people into the hands of their hereditary enemies."

President Roosevelt in his message to Congress recommending Philippine independence said that the United States "desires to hold no people over whom it has gained sovereignty through war against their will." Almost 500,000 Moros are asking whether this principle does not apply to them, whether the United States can justly hand them over to the Filipinos to be held by the Filipinos against their will. They are also asking the question raised by Mr. Hurley, whether the United States, having disarmed them, should abandon them without first teaching them how to maintain their rights in a civil government without resorting to the use of arms.

I sat one day in a big wooden hotel in Zamboanga when there was a knock at the door. At my invitation to enter, the door opened timidly to disclose a kindly old datu, who, in spite of his wrinkled face and toothless mouth, seemed in his bare feet like an artless boy. The day before, during the incident accompanying Colonel Thompson's arrival, I had listened sympathetically to him while he told me of a petition the Moros had prepared for Congress.

"You saw how near we came to a pitched battle in the streets yesterday," he said. "That was a hint of what terrible bloodshed there will be all over the southern islands if the United States abandons us to the Filipinos. We will fight, but they will exterminate us because we are few and they are many and they are armed and we are disarmed."

Literature Goes Left

By V. F. CALVERTON*

AMERICANS are entering a new period in their literary history. It began with an inchoate protest against the cynicism of the Twenties, with resentment first expressed in the doctrines of the Humanists. Now the protest has gone further. The jazz age with its Freudian witticisms has been supplemented by an era of social propaganda. In general the new period is marked by the swing leftward of the intellectuals; and is symbolized by *The American Mercury's* conversion into a magazine more interested in reform than in ridicule. The period has given birth to a new movement, popularly called proletarian, which has affected not only literature but also the arts of music, painting and sculpture.

Few writers, especially of the younger generation, have escaped the impact of this movement. Even those older writers who oppose it have been obliged to define and redefine the nature of their opposition. When H. L. Mencken recently discussed proletarian literature in *The Saturday Review of Literature*, he sneered at the movement and called it the creation of inferior minds and prosaic imaginations. Many of the leading writers in the middle generation, however, despite Mr. Mencken's convictions on the point, have declared themselves in sympathy with the proletarian outlook.

Sherwood Anderson has written a novel, *Beyond Desire*, in response to its challenge; Sinclair Lewis has hailed with enthusiasm the appearance of the novels of Albert Halper, one of the most prominent of the proletarian novelists, and not so long ago addressed himself to the task of writing a labor novel; Theodore Dreiser has declared himself in favor of the new school, and has sought to identify himself with the proletarian cause. Robert Herrick, a veteran novelist in the realistic tradition, wrote in *The New Republic* that "the sudden emergence of this new labor literature * * * is significant, prophetic." Even F. Scott Fitzgerald has caught something of the proletarian challenge in the pages of a novel as remote from social propaganda as *Tender Is the Night.*

But what is this proletarian tendency? Commonly proletarian literature is confused with working-class literature, and as a result most people believe that, since Dickens, Mrs. Gaskell, Charles Kingsley and others wrote about the working class several generations ago, there is nothing new about the proletarian movement in literature today.

What is familiarly known as working-class literature, however, is in most cases no different from other literature save that its characters are millhands, miners or boilermakers, instead of doctors, lawyers, writers, merchants or preachers or as in feudal days men of aristocratic station. But it was significant that the contempt

*Mr. Calverton, writing in the *Modern Quarterly*, predicted over ten years ago the rise of a proletarian literature. He also discussed this probability in *The Newer Spirit*, a book published in 1925.

for the workingman conspicuous in Shakespearean drama gave way to sympathy and pity in such nineteenth-century novels as *Mary Barton, Hard Times, Alton Locke* and *Adam Bede.*

Such working class fiction, however, has no more to do with proletarian literature than the crocodile tears of a Chautauquan tragedian with genuine tragedy. Proletarian literature is working-class literature inspired by revolutionary purpose. It is concerned with the workingman not as an object of sympathy or commiseration but as the creative source of a new society. It does not look upon the workingman, as did Mrs. Gaskell, as some one who needs to be protected and helped, but as the embattled maker of the world of tomorrow.

Proletarian literature, therefore, is more than realistic literature. It is a literature dominated by a dynamic idea, a literature carrying within itself the seeds of prophetic conviction and challenge. As the moral literature of the middle class succeeded the hedonistic literature of the aristocracy, so the proletarian literature of today expresses the new morality of a working class striving toward a collective society. Steele and Lillo and Cumberland were interested in "moralizing the stage" and in purifying literature of its aristocratic vices; the proletarian authors of today are concerned with ridding literature of its middle-class lies and hypocrisies, and introducing a conception of the working class as the bearers of the new truth of the future.

The worker naturally becomes the heroic protagonist in proletarian literature, while the capitalist and his allies are the villains. The main conflict revolves about the struggle between workers and capitalists. The strike is often used as a symbol; but the strike is not just a strike, as in a novel like Ernest Poole's *The Harbor*. Instead, it becomes a social and spiritual conflict in which the class forces involved are translated into the dynamics of individual character. The struggle has far more than higher wages and shorter hours for its goal; within it civilization is being tried and tested.

A considerable part of the intellectual impetus and cultural inspiration for the proletarian movement in literature in America has been derived from Soviet Russia, but it would be a mistake to conclude that before the rise of the Soviet régime no signs of a proletarian literature had appeared. In nineteenth-century France, when political revolutions were the order of the day, there was a similar exaltation of the proletariat by writers who identified themselves with the revolutionary cause. "It is to the proletariat * * * that now belongs the creative and primary rôle of poetry," asserted the nineteenth-century poetess, Amable Tastu, and George Sand, inspired by the workers' poetry of the day, declared that "the elements of the future ought to be a race of proletarians, wild, proud and ready to claim the rights of mankind by force."

These people, however, did not write proletarian literature themselves; they were mainly interested in the working-class prose and poetry which was being produced by real proletarians and which was being championed by a number of the intellectuals. Ironically enough, the majority of the proletarians whose poetry awakened such wild acclaim in gas-lit Paris did not write proletarian verse. The verse of worker-poets like Jasmin, Moreau and Reboul was for the most part romantic and sentimental rather than realistic or revolutionary. Even the poetry of Charles Poncy, whom George Sand challenged with the question, "Are

you a bourgeois poet or a proletarian poet?" had less revolutionary fervor than romantic lamentation and childhood nostalgia.

Proletarian literature, after all, is more than literature written by or about proletarians. The majority of the workers who have become successful writers have not been interested in producing proletarian literature. They have tended, for the most part, like the French worker-poets, to imitate the work of the successful middle-class writers. Though Jasmin preferred to write about a "broken trowel" instead of about a lock of hair, his sad, sentimental, unchallenging mood mainly resembled that of the contemporary bourgeois writers. In America today, however, workers like Jack Conroy, an ex-miner, and Albert Halper, an ex-foundryman, are writing novels in the proletarian tradition. Of course, the life of the proletariat hardly affords sufficient opportunity or leisure to encourage the development of literary talents. Proletarian writers will therefore for the most part spring from the middle-class intellectuals who, like Waldo Frank, Robert Cantwell and William Rollins, identify their spiritual interests with those of the proletarian cause.

What makes Robert Cantwell's *The Land of Plenty* and William Rollins's novel, *The Shadow Before,* proletarian is not the fact that they deal with workers, for most of the literature concerned with the working class, as we have seen, has not been proletarian, but that they represent faith in the workers instead of pity or contempt for them, faith in their power not only to win a strike but to create a new and better society. "There is a class [the proletariat], hardly born," writes Waldo Frank in his new novel, *The Death and Birth of David Markand,* "which struggles with the world to live. By its struggle for life the whole world may be reborn alive again." What makes these novels significant as proletarian fiction is that they have succeeded in communicating that faith not by arguing or preaching—the devices of the pamphleteer—but by direct portrayal of character and dexterous organization of material.

The first suggestion of the proletarian spirit in American literature appeared in 1906 in Upton Sinclair's novel, *The Jungle,* a story of the suffering endured by the workers in the Chicago stock yards. This was followed a year later by Jack London's novel, *The Iron Heel.* London, except for occasional essays, his *People of the Abyss* and *Dream of Debs,* did little else that had any pertinence to the proletarian tradition; Sinclair, however, continued to write. *The Money Changers, King Coal, The Metropolis,* 100%, *Oil* and *Boston* all belong within the periphery of the proletarian movement, but none achieves the challenging clarity of the more mature and full-fledged proletarian novels of Albert Halper, William Rollins, Grace Lumpkin and Fielding Burke. Notwithstanding his genius as a propagandist, or perhaps because he made his propaganda explicit instead of implicit, Sinclair remained outside the mainstream of American literature. Though almost the Harold Bell Wright of working-class fiction, Sinclair must be regarded as an isolated pioneer in what has since become an active growing movement.

What makes the proletarian spirit in American literature so much more important today than ever before is that it is now no longer the property of a few lonely enthusiasts but is in the mainstream of American letters. Like the agrarian radical movement of several decades ago, led by Hamlin

Garland and Frank Norris, the proletarian movement in American literature today has developed into a dynamic force, with professional disciples and lay followers, with clubs and magazines espousing its cause, and with critics, novelists, playwrights and poets rallying to its support. Ever since the mid-Twenties, when John Dos Passos emerged as a major novelist and as the foremost spokesman of an American proletarian literature, the movement has been gathering momentum. Alongside Dos Passos appeared Michael Gold, former editor of *The New Masses*. His first book, *One Hundred and Twenty Million,* and his second, *Jews Without Money,* and his memorable philippic against Thornton Wilder, brought the proletarian challenge into the literary limelight. Gold's work was followed by that of Charles Yale Harrison, whose first novels, *Generals Die in Bed* and *A Child Is Born,* helped carry on the same tradition.

One of the important points in the advance of the American proletarian movement was the conversion of Edmund Wilson to its cause. His conversion led many other intellectuals to ally themselves to the movement. Most conspicuous among these were Newton Arvin, Kenneth Burke, Malcolm Cowley, who is still one of the editors of *The New Republic,* and Granville Hicks, now literary editor of *The New Masses.* Hicks is also the author of a volume of criticism, *The Great Tradition,* in which he has endeavored to show that the proletarian movement in American literature is the logical extension of that tradition of protest inaugurated by Emerson, Thoreau and Whitman, and carried on by Howells, Garland, Norris, Herrick, Phillips, London and Sinclair.

Today the proletarian novel holds a prominent place in the American literary scene. John Dos Passos's 1919, although it revolves about middle-class characters, is the most important proletarian novel yet to appear. Less significant from a literary point of view, though more proletarian, have been William Rollins's *The Shadow Before,* Jack Conroy's *The Disinherited,* Albert Halper's *Union Square* and *The Foundry,* Robert Cantwell's *The Land of Plenty,* Fielding Burke's *Call Home the Heart* and Myra Page's *Gathering Storm.*

Almost all these novelists, with the exception of Myra Page, have succeeded where Upton Sinclair usually failed. They express their ideas in terms of character and situation rather than superimpose them upon their theme. Albert Halper in *The Foundry* achieves clearer characterization than the others; Rollins in *The Shadow Before* and Fielding Burke in *Call Home the Heart* come closer, however, to capturing the proletarian spirit as a mass reality.

The Shadow Before has converted the strike into a powerful literary symbol. By combining significant insight with a litheness of style and an uncanny gift for situation, Mr. Rollins has painted a more vivid picture of workers and the life they lead than can be found in any other American novel. He fails, however, as do all the proletarian writers, when he depicts his capitalists as unmitigated villains, blustering stuffed shirts, or intellectual zanies. He is at his best in the delineation of proletarian types, and especially in the description of the New Bedford strike which swells up like a vast tidal wave upon the shores of New England civilization.

More simple, more earthy and less melodramatic, Fielding Burke's novel, *Call Home the Heart*—like Grace Lumpkin's *To Make My Bread*—does for the Southern hillbillies, caught

as they are in the economic vise of the new South, with its parvenu factories and unmodernized mills, what Rollins's novel does for the workers of New England.

Proletarian drama has not lagged far behind proletarian fiction. It dates back to Upton Sinclair's impressive drama, *Singing Jail Birds,* and to a number of plays—for example, John Dos Passos's *Airways,* and Em Jo Basshe's *The Centuries*—staged by the New Playwrights Group in the Twenties. While many plays written and produced in the last seven or eight years suggested a proletarian outlook, it is only within two or three years that proletarian drama has become significant. Elmer Rice, with *Judgment Day* and *Between Two Worlds,* and John Howard Lawson with *Gentle Woman* are the best known dramatists with a Broadway background to become advocates of the proletarian motif. Neither of them, however, has written a play that can compare in dramatic significance or social challenge with *Stevedore,* by George Sklar and Paul Peters, which, as directed by Michael Blankfort, is by far the best proletarian drama yet produced.

Next to *Stevedore* in importance stands the Theatre Guild production of John Wexley's *They Shall Not Die.* This play converts the Scottsboro case into forthright, effective drama. There are other proletarian plays worth noting: Maxwell Anderson's *Gods of Lightning,* Paul and Clare Sifton's 1931 and *Peace on Earth,* by Albert Maltz and George Sklar.

Proletarian poetry cannot yet be compared with proletarian fiction and drama. Horace Gregory, Alfred Kreymborg, Maxwell Bodenheim and Robert Gessner have allied themselves with the proletarian movement in literature, but none of them has yet contributed anything of importance to proletarian poetry. Langston Hughes in some of his Negro verse and Stanley Burnshaw in his milltown poetry, and now Isidor Schneider in his volume *Comrade Mister,* have been more successful than most of the older poets in striking a proletarian chord. Among the younger poets Joseph Kalar and Herman Spector are the most gifted, but Edwin Rolfe and S. Funaroff reveal remarkable promise. In a little volume entitled *We Gather Strength* the work of these four poets has been brought together in an impressive anthology. A more difficult art than the novel or the drama, it is to be expected that poetry will be the last of the arts to be successfully woven into the proletarian pattern.

Despite all these achievements, proletarian literature in America is still more of a promise than a fulfillment. But it represents a powerful literary force in America today by virtue of this promise. It has yet to produce a great novel, a great drama, or a great poem. Among the proletarian writers there is as yet no Fielding or Keats, no Melville, O'Neill, or Whitman.

Proletarian literature still belongs to the *Everyman* stage of development, the period of the miracle, mystery, morality and interlude plays which preceded Shakespeare, when character and plot were human dominoes moved in an inevitable black and white pattern. It has not yet freed itself sufficiently from the hero-villain complex, in which all heroes are workers and most villains are capitalists, to achieve that ultimate subtlety of insight and profundity of interpretation which characterize great literature. Its promise and direction, however, lend strength to the belief that with advancing maturity such subtlety and profundity will be added to its present dramatic and pictorial powers.

Current History in Cartoons



Alphabetical
—St. Louis Post-Dispatch



Again overtaken by the storm
—New York World-Telegram



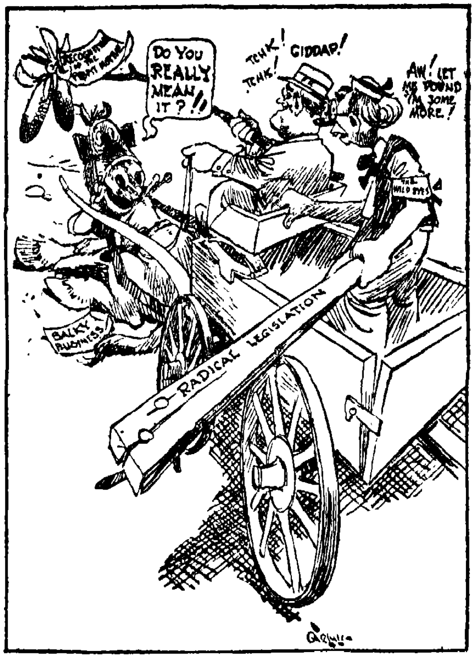
Who loves a book agent?
—The Commercial Appeal, Memphis



Boy, page Harry Hopkins!
—The Birmingham Age-Herald



The White House caller
—*The Dallas Morning News*



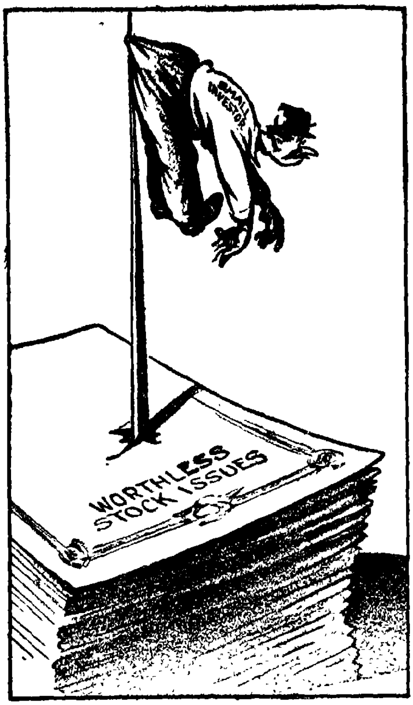
Let's see which way works best
—*Portland Press-Herald*, Portland, Me.



Will he answer?
—*San Francisco Chronicle*



Come on; taste it
—*The Knickerbocker Press*, Albany



Insull court file
—St. Louis Star-Times



Old Faithful
—The Washington Post



Aleck in Wonderland
—The News, Lynchburg



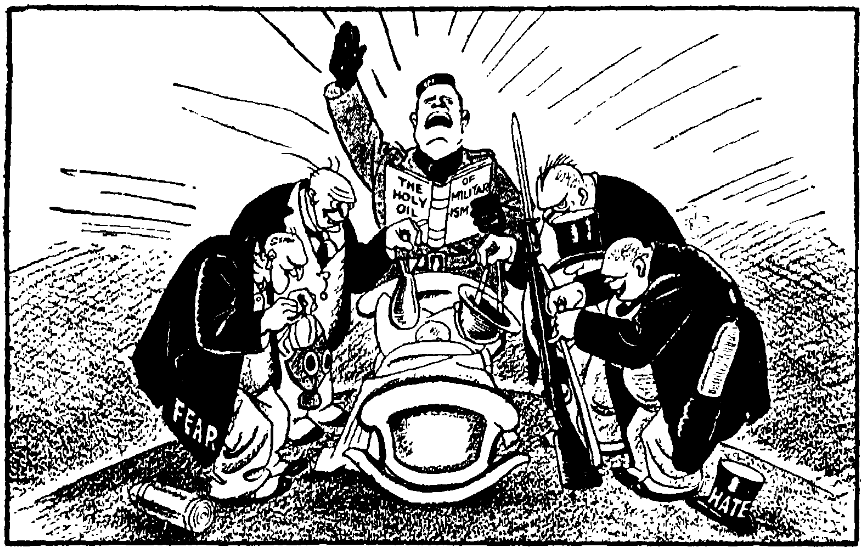
Squealing
—The Courier-Journal, Louisville



"Brother, you don't know what trouble is"
—New York World-Telegram



After a million years he's come back
—Daily Herald, London



Godfathers ("Every male Italian must be a soldier from 8 to 85.")
—The Daily Express, London



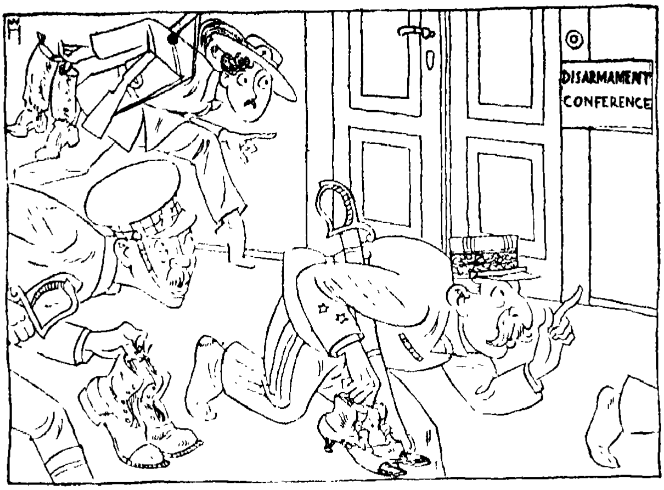
Oil—and troubled waters
—*The Sun*, Baltimore



No damn goodee!
—*The Washington Post*



Coup de grâce in Spain
—*Glasgow Record*



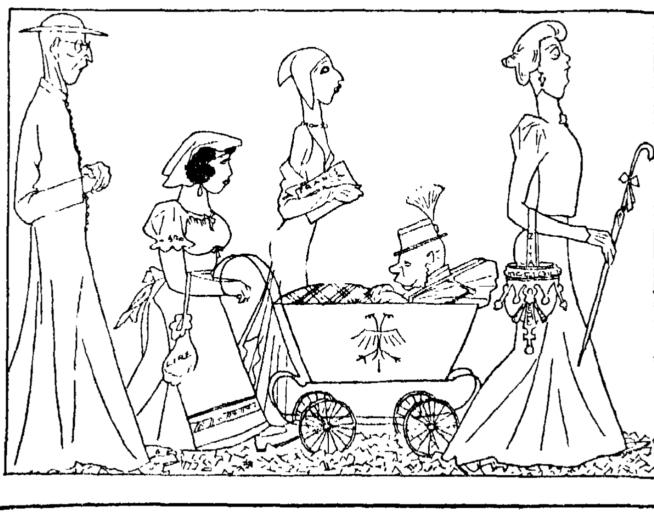
The League of Nations tries not to disturb the sleepers

-- *Kladderadatsch*, Berlin



Quarrel in ye antique shoppe

-*Daily Express* London



Austria: "I treasure my independence"

--*Simplicissimus*, Munich

A Month's World History

The London Naval Talks

By ALLAN NEVINS
Professor of American History, Columbia University

PRIME MINISTER MACDONALD, in his first formal speech since his recent vacation, declared that he still had faith that disarmament could be achieved "in our time" if its supporters but attempted to rally public sentiment. His optimistic phrases, however, have a hollow ring when tested by recent events.

The Disarmament Conference is in a state of suspended animation nigh unto death. Defensive expenditures of all the great powers except Germany, according to figures published on Oct. 28 by the Foreign Policy Association, are now much greater than in the days just before the World War, the outlay by France and Italy being more than one-fourth greater than in 1913, that by the United States nearly three times as great, and that by Japan (immensely increased since the outbreak of the Manchurian troubles) nearly five times as great. Despite the restrictions imposed by the Versailles treaty, Germany is steadily pushing her military, naval and air appropriations up toward the level of costs of the Kaiser's great imperial war machine. Precisely as if history had no lessons on the subject, boxes and barrels of explosives are being piled higher and higher, and their safety is being entrusted in half a dozen countries to men so lacking in balance and judgment that, to paraphrase E. L. Godkin, no ordinary citizen would trust them with the care of his estate or children.

To add to the gloom, there are increasing indications that the London Naval Conference is doomed to failure, if indeed there is to be any conference at all. Nothing could have been more discouraging than the preliminary bilateral conversations held in London in late October and early November by American, British and Japanese delegations, even if the forecasts had not been cheerful. Japan was expected to insist upon abandonment of the 5:5:3 ratio written into the Treaty of Washington, and to demand at least some form of equality with Great Britain and the United States. For some time there was hope that a magical formula could be found. The British in particular, led by the conciliatory Mr. MacDonald, apparently believed that some compromise could be achieved between Japan and America—perhaps a plan by which Japan would gain recognition of her right to equality while making a "gentleman's agreement" not to build beyond the present ratio, perhaps a plan to give Japan equality in defensive armament while leaving the United States and Great Britain preponderant in larger units. But the magical formula, after half a month of talk, did not appear. At the end of the first week

of November the deadlock was complete.

Although the conversations did not formally begin until Oct. 23, the American and Japanese delegations, headed respectively by Norman Davis and Admiral W. H. Standley, and Rear Admiral Isoroku Yamamoto and Ambassador Tsuneo Matsudaira, were both in London on Oct. 16. They at once opened unofficial conversations with the British representatives, Mr. MacDonald and Sir John Simon. The first formal exchange was a Japanese-British meeting; the next a Japanese-American; the third a British-American.

Mr. Davis urged that triangular conversations would save time, but the Japanese at first insisted upon the bilateral discussions, for they feared that if all three nations met in the same room, the British and Americans would form a united front against them. This was a well-grounded fear. Both America and Great Britain are determined that the substance of the 5:5:3 ratio shall be preserved if there is any new treaty at all. Since the British saw that all hope of cajoling Japan into concessions would be lost if Britain and America joined hands in a threatening way, they took pains to show cordiality to Japan and to preserve an independent attitude. This appears at times to have irked Norman Davis, but it was undoubtedly the wisest course. The surest way to make the Japanese people feel that a navy as large as any in the world is indispensable is to make them feel that the United States and the British Empire are sure to unite against them.

The first week showed that with the United States unwilling to recede from the 5:5:3 principle, and Japan unwilling to accept any essential modification in her demand for naval parity, a deadlock was unavoidable. The Americans held that the Washington Treaty, which they regard as the most effective instrument for peace devised in the past sixteen years, must be preserved. They argued that the 5:5:3 ratio gives Japan perfect equality for defense in her own part of the world; that her navy there is more than the equal of any that can be brought against her. With this the British wholly agree.

The United States has to protect both the Atlantic and Pacific seaboards; Great Britain has to defend a world-wide empire; but Japan can keep her fleet concentrated in home waters. From the Anglo-American point of view, the Japanese demand for parity is therefore a demand for superiority in effective use of her fleet. But the Japanese would not budge. Up to Nov. 7 they had made public no written statement of their position, though it was understood that they proposed equality in ratios; a fixed limitation in aggregate tonnage; a specific reduction in the building of warships of offensive type—that is, battleships and airplane-carriers; and unlimited building, within aggregate tonnage limits, of defensive types, including light cruisers and submarines.

These proposals were totally repugnant to the United States. To accept them would leave the Philippines utterly defenseless and Hawaii and Alaska gravely exposed. They were only less repugnant to Great Britain. It is true that the British naval experts wish, like Japan, to emphasize light cruisers (valuable to Britain because of her numerous bases) and to reduce the construction of heavy battleships and battle-cruisers. But the British were perturbed by the classification of submarines as defensive weapons, for the World War proved

them the most dangerous offensive warships that Britain faced. And the British are as unwilling as the Americans to agree to a parity that would, as J. L. Garvin has said in the London *Observer,* amount really to a grant to Japan of a double ratio.

In recent months Australia and New Zealand have shown less and less fear of Japan. Her entanglements in Eastern Asia have reassured them, while Japan is a good customer for Australian wool and wheat. But feeling in all the Dominions will not warrant a concession of parity.

Mr. MacDonald on Nov. 7 made what seemed perhaps a last effort to bring about agreement. He informally suggested a recognition of Japan's right to defensive equality, limitation on the basis of maximum tonnage but with the addition of categories and of fixed numbers for ships, and a modification of the demand for abolishing big offensive ships. In Tokyo the Japanese Government spokesman showed a chilly attitude toward this plan. With an air of finality he remarked: "We are unable to conceive of an acceptable scheme which will grant the equality we have demanded and at the same time contain restrictions giving something less."

Fundamentally, while Japan talks of parity she clearly desires more—a navy so formidable that not even a combination of the British and American fleets could stop her from acting precisely as she pleases in Eastern Asia. It is absurd to suppose that Japan now contemplates hostile action against the United States or casts a longing eye upon the Philippines, much less upon Australia. But it is quite obvious that Japan does contemplate a resolute if not aggressive policy on the Asiatic mainland, and that she still feels the apprehension and resentment that arose when the United States and the League joined in condemning her separation of Manchuria from China.

Captain Gumpei Sekine confessed as much when he said in his article in the last issue of CURRENT HISTORY: "Our armaments exist not as implements of attack or invasion of another country, but as means of securing the execution of our * * * policy of preserving the peace of the Far East." But the Japanese would do well to keep in mind these three facts: (1) A navy large enough to give Japan an absolutely free hand on the continent of Asia will be a navy large enough to excite apprehension in all other parts of the Pacific; (2) a union of the United States and the British Empire against Japanese designs might be more easily effected than undone; and (3) the United States, which is spending its way to prosperity, might accept denunciation of the Washington Treaty as a signal for a naval race that would be ruinously expensive to Japan.

GERMANY AND THE WORLD

As the fateful plebiscite in the Saar on Jan. 13 draws near, tension in the neighboring countries increases. Paris dispatches announced on Oct. 31 that the French Army was in readiness to take over police duty in the district in the event of disorder; "precautionary" steps have already been taken in the equipment of the Twentieth Army Corps at Nancy and the Sixth Corps at Metz for instant action. Of course, the French troops would not move except upon the request of the Saar Commission, which has a clear-headed and careful Englishman, Geoffrey G. Knox, as chairman; and the commission will not act unless there is definite threat of a Nazi putsch.

There seems no reason for one. Miss Sarah Wambaugh, the American expert on plebiscites, has added her prediction of a German victory to those of most other observers. But the intensity of French distrust of Germany is indicated by Foreign Minister Laval's statement: "We have slipped back into the Middle Ages." The press in both France and Germany is already excited and bellicose over the Saar issue. The German Ambassador, Roland Koester, however, told M. Laval on Nov. 6 that Germany intended to respect in every way the treaty conditions for the Saar vote.

Meanwhile Germany seems to be following an almost deliberate purpose to alienate all remaining American sympathy or respect. On Oct. 29 Dr. Schacht delivered in Berlin another speech announcing and defending a policy of debt repudiation. The same man who declared in New York in 1930 that "the moral force" of the German people would see that "Germany will repay those debts" told his Berlin audience that the most immediate task of the Nazis "was to make clear to other countries that they could expect no more money from us." He talked in one part of his speech of Germany's possession of "the highest culture and the highest civilization"; in the rest he made it clear that common honesty has little part in that civilization.

Three days later Germany showed that she can still be honorable when a club is held over her head. While she will not pay America at all, under an agreement published on Nov. 1, she will pay the British in full—because the trade balance with Britain is such that London can compel her to do so. But the United States wields no such weapon; and on Nov. 3 Berlin announced that even the shabby payment of 40 per cent of interest after a six months' wait, offered Americans last May, was now canceled. On Oct. 13 Germany had denounced her commercial treaty with the United States. On Nov. 7 Dr. Schacht dealt a new blow to American trade by placing sharp restrictions on the importation of American automobiles. American firms were informed in effect that they could sell cars only through barter deals which would compel them to buy German goods worth from five to ten times as much as the automobiles sold. The whole German course, as we have said before, shows how little the Nazis care about the sentiment of the world.

THE MARSEILLES TRAGEDY

Elsewhere in this magazine an account is given of the assassination of King Alexander of Yugoslavia and Foreign Minister Barthou of France at Marseilles on Oct. 9. Fortunately the tragedy had no sinister after-effects. At the time the relations of Yugoslavia, Italy and France were at a delicate stage—possibly near a turning point. King Alexander was on his way to Paris, where M. Barthou expected to persuade him to reach an agreement with the country Yugoslavia distrusts more than any other, Italy. This was part of the Franco-Italian effort to consolidate all Southern Europe against Germany.

On the eve of this meeting Yugoslav animosity toward Italy had been accentuated by a virulent and unprovoked newspaper attack on the Italian war record. Premier Mussolini replied with a rebuke and a threat, but also with a gesture of conciliation. Speaking at Milan on Oct. 6 he said: "There is no great possibility of improving Italy's relations with Yugoslavia as long as journalistic polemics continue which wound us to the innermost core." But he added: "Italy, which is

a strong nation, again offers Yugoslavia the possibility of an understanding."

It was not known abroad what King Alexander's attitude toward rapprochement with Italy would have been. Recurrent reports that France would side with Italy in supporting a Habsburg restoration in Austria had greatly alarmed the Succession States, especially Yugoslavia. Alexander was said to be shifting his sympathies toward Germany, and Germany has been assiduously courting her southern neighbors in the pursuit of the perennial German dream of a Teutonic Mittel-Europa. What would have happened in Paris, therefore, is not clear. In the first flare of indignation caused by the assassination the Yugoslavs unanimously selected Italy as the culprit. This led to anti-Italian demonstrations on Oct. 10-11 at Sarajevo, Zagreb and Ljubljana and wild charges that Italian money had financed the crime.

Premier Mussolini fortunately kept cool. He stopped any display of Italian anger by suppressing reports of the Yugoslav riots in the press, and in other ways also behaved with restraint. By the time the police inquiry had established the identity of the assassin and his associates Yugoslav feeling had subsided and diplomacy had become effective. At first an investigation by the League of Nations was suggested at a conference in Paris between Dr. Benes, Czechoslovak Foreign Minister and President of the League Council, and Joseph Avenol, the League's Secretary General. But the evidence gathered by the police contained so much dynamite that a League inquiry would have had dangerous political repercussions, stirring up national hatreds, and it was decided to avoid it.

As nearly as could be ascertained the assassin was a Croatian terrorist, a member of a society called Ustashi, which had been harbored both in Italy and in Hungary. The assassin had come from Hungary, where a colony of Croatians had settled at Janka Puszta, only ten miles from the Yugoslav border. However, after a protest from Yugoslavia to the League Council last Spring, the Hungarian Government had dispersed the colony, whose members found refuge wherever they could. The Italian Ustashi came into the news last Winter when it was discovered that a Croatian who attempted to kill King Alexander at Zagreb was one of its agents. According to the police, the Italian colony still exists. Although the Hungarian Legation in Paris indignantly denied that Hungary was involved, the Italian Government maintained a marked silence.

To prevent international complications, the Foreign Ministers of the Little Entente held an emergency meeting in Belgrade immediately after King Alexander's funeral. Dr. Benes arrived from Paris where he had consulted Premier Doumergue and Foreign Minister Laval. Hence it could be assumed that he brought the advice of France. As a result of the Little Entente conference, instead of a sharp diplomatic protest from the Yugoslav Government, a communiqué signed by the entire conference was issued. It mentioned neither Hungary nor Italy, avoided the question of blame, and merely demanded that all governments cooperate to determine the responsibility for the assassination and take measures to prevent similar crimes in the future.

It is still too early to predict the future course of Yugoslavia's foreign policy, but the new government under the regent, Prince Paul, evidently intends to be conciliatory toward Italy.

Indeed, the internal condition of Yugoslavia does not warrant any other course. Premier Mussolini has been encouraged to resume the treaty negotiations interrupted by the death of Barthou and Alexander.

Probably no event since the war has brought so many Middle European and Balkan statesmen together at once as the death of Alexander drew to Belgrade to be present at the funeral. For the first time representatives of the Balkan Entente and Little Entente met together formally. It has been suggested that, as a result, Bulgaria will shortly join one or the other of the two alliances. Another result may be that Yugoslavia will depend more on her neighbors than under the rule of the independent and dictatorial Alexander, and that she may play a more helpless rôle in international politics.

MONEY AND TRADE

After two years of competitive currency devaluation in an effort to capture world trade, the great export countries paused in October to watch a small but determined group of nations which have held to the gold standard and have seen their foreign commerce dwindle to the vanishing point. This gold bloc—France, Italy, Belgium, Holland, Poland, Switzerland and Luxemburg—served warning on Oct. 20 that they intended to fight for their commercial existence. After two days of negotiations in Brussels, they agreed to a pact designed to restore trade among themselves and strengthen their threatened financial resources. The pact is regarded as one of the most important commercial agreements since the beginning of the depression.

Under the agreement a commission is set up to achieve two objects: First and most important, it must negotiate within a year bilateral agreements between the participants in order to stimulate exports; second, it must find the means of improving the tourist traffic and transportation. Further, and as an item to be considered in the bilateral agreements, the program is to make due allowance for the interests of third parties—non-gold-standard countries which may have long-standing commercial agreements with members of the gold bloc.

The success of the plan will hinge entirely on the practicability of the trade discrimination it intends to superimpose on the present commercial arrangements of Europe. A majority of the members of the gold bloc are bound by most-favored nation agreements with countries outside their group, and it will be necessary to find a way around these agreements.

The possibility that the United States will stabilize its currency has in recent weeks been widely discussed abroad. Two incidents furnished the pegs on which speculation has hung. The first was a Department of Agriculture memorandum on planned economy submitted to the meeting of the International Institute of Agriculture at Rome and released in Washington on Oct. 18. This made several specific recommendations, among them monetary cooperation between nations "as a means of eliminating one of the principal motives existing at the present time for the imposition of trade barriers." Five days later Ambassador Robert W. Bingham, in a speech at Edinburgh, openly urged that Great Britain and the United States stabilize the pound and dollar as a measure that would benefit the whole world. No confirmation was forthcoming at the White House, so that the significance of the Ambassador's pronouncement could not be determined.

Confusion Rules in Washington

By CHARLES A. BEARD

THE returns for the election of Nov. 6 are in. On its surface the outcome was "a glorious victory" for the Democrats and a sovereign mandate for them to go ahead—somewhere. Viewed superficially, it was a "smashing defeat" for the Republicans and led hurried prognosticators to pronounce the coming doom of that political association—a doom such as was meted out to the Democrats after their Waterloo in 1920. In States where the Democrats did not emerge triumphant, Minnesota and Wisconsin, for example, the Grand Old Party of William McKinley, Marcus A. Hanna and Calvin Coolidge received no consolation. Once more, as in 1873 and 1893, thunder was heard on the left, perhaps something ominous, perhaps not. What a little touch of prosperity would do to the configuration of November, 1934, no one knows. What a deepening crisis would do is equally unpredictable. So it could be said again as it was in December, 1860, the future is veiled. When Huey Long and Theodore Bilbo confront David I. Walsh and Carter Glass in the Senate as brethren of the same party the book of revelations may be opened at the first page.

If attention is directed from popular tumult to things that actually happened in Washington during the days preceding the election, it is difficult to see just what the voters voted for. Speeches, news releases, Executive decrees and official announcements without end, activities and promises in administration circles without number, indicated confusion triumphant. This fundamental generalization respecting the state of the New Deal is supported by the reports of changes issued currently by the National Emergency Council in its efforts to keep its *Manual of Emergency Agencies and Facilities* up to the moment. It is confirmed by observers who have first-hand knowledge of offices and establishments in Washington.

It is not beside the mark to say that in October and November, 1934, the Government of the United States had no administrative head. From the White House and Executive establishments orders poured out in an endless torrent. Old offices and new offices were abolished, altered or shifted, and still newer agencies were brought into an uncertain being. Cabinet officers and heads of agencies issued statements, pronouncements and prognostications, often contradictory in nature, and generally displaying a total lack of design or purpose at the top. Moving vans carried books and papers from one place to another in Washington. Minor officials, with important responsibilities, turned on swivel chairs, making plans and discharging functions, without any assurance as to their duties or the continuance of their official lives. And around every corner lurked one of Postmaster General Farley's prospective appointees ready to grab an office as soon as the occupant for the moment managed to get it into a semblance of order.

Underneath the currents of party

politics and main chances, no clear-cut tendencies appeared. Some attention was given to planning for Congressional consideration the future form of NRA; but it was not evident that any responsible official in Washington enjoyed power commensurate with the duty of formulating such a concrete and unified program to lay before the new Congress. From the Department of Agriculture and the AAA rolled a flood of statements about the polling of farmers on the corn and hog program, prices of agricultural products, the distribution of Federal money among producers of crops coming within the benefit provisions of AAA, and similar "practical matters"; but no signs of a positive policy for Congressional review emerged from the chaos. Likewise from the Department of the Interior, the RFC, PWA, FERA and other independent establishments came a stream of "news," but if any process of coordination was under way evidences of it were lacking.

News of a $12,000,000,000 program of public works broke and sank into silence. Fundamental questions remained unanswered. What are to be the relations of AAA and NRA? Over industries of what size and nature is codification to be extended? Are the codification and enforcement of fair practices possible without some checks on competition and price cutting? Is the labor provision, Section 7a, to be enforced, and if so in what form? Is there any reason for believing that "recovery" is to come from either AAA or NRA as previously operated? What is the relation of RFC to these agencies and their functions? Is there any "recovery" in sight, and if not what action lies ahead?

Nothing can give a better indication of the swirl and drift of things than a few summaries from hundreds of news records:

Richberg decries fear of inflation and declares that American money is sounder than ever.

Senator Elmer Thomas moves ahead with his plan for a central bank of issue.

Peek calls on bankers to help his Export-Import banking operations.

Tugwell predicts controlled international trade.

Harriman of the United States Chamber of Commerce favors less stringent government restrictions and more self-government in industry.

Eastman urges a pooling of box cars, Federal regulation of motor trucking, and unified Federal control over all forms of transportation.

Bankers are fearful of the Federal invasion of the private financing fields.

Farley asks the public to buy HOLC bonds.

Bankers resolve that a balanced budget is imperative as soon as possible.

The American Legion convention votes by an overwhelming majority in favor of an immediate payment of the bonus.

Tugwell is dropped from AAA councils, Wallace says AAA will ease curbs, and AAA plans for flax crop increase.

Wallace declares that continuance of wasteful individualistic land uses in the old style will "destroy our civilization."

The District of Columbia Supreme Court upholds the constitutionality of the Costigan-Jones law in the Hawaii sugar suit.

The National Foreign Trade Convention expresses confidence in steps taken by the administration to abolish trade barriers.

President Roosevelt accepts the profit system.

Secretary Ickes, speaking for the President at the opening of the Hetch Hetchy municipal water project in San Francisco, expresses pleasure in the demonstration of good to be accomplished by the cooperation of the Federal Government and a municipality actuated by a desire to "make use of a valuable natural resource for the welfare of the people."

The existence of this confusion and uncertainty in Federal administration was dimly recognized by the President himself in an Executive order, dated Oct. 31, consolidating his Executive Council with the National Emergency Council, with Donald E. Richberg as executive director immediately under the President—"virtually his first assistant as Minister without portfolio." In the new National

Emergency Council were included the President, all Cabinet officers and twenty-two heads of permanent and emergency establishments concerned with fundamental economic matters. The purpose of the new council was declared to be to coordinate the inter-agency problems and activities of Federal agencies, to provide for the "orderly" presentation of business to the President, and to cooperate with Federal agencies in the discharge of duties assigned to them by the President. The Industrial Emergency Committee charged with the function of working out policy for NRA was continued as a subcommittee of the National Emergency Council, but the Executive Council was abolished and its duties given to the Emergency Council.

Although this decree had the appearance of concentrating authority and providing for a unified attack on the confusion and disorder reigning in Washington, it was clear from the composition of the new body and the form of its set-up that it gave little more than the promise of a new shuffling of old records, accounts, papers and swivel chairs.

Among the items of the agenda before the grand national council will be: The future of NRA and AAA, Section 7a, railways and transportation, housing, public works and relief, credits and grants to States and municipalities, the extension of credits to agriculture, banks, shipping concerns, railways and other corporations, mail contracts and subsidies, currency base and control over currency issues, foreign trade policy, government operation in the electric power field, and the efficient use of natural resources. It will have to face three questions: What must be done? What can be done? What should be done? After decisions, if any, will come the problem of execution.

Is there any reason in the history of the past few years for believing that a huge council, representing so many conflicting ideas and interests, can arrive at unanimity of opinion on any of these issues or their interrelations? There is none. Is there any person in that council who possesses a wide grasp of the interrelations of these interests, is able to formulate a program of positive action, and is competent to carry it into effect? Is President Roosevelt watching the swirling currents as did Lincoln in the Summer of 1862 with his mind already fairly well made up, and is he ready to cut the knot of indecision by an assertion of supreme will under the Constitution? Or will elusive "recovery" appear at last around the corner and make a stroke of state unnecessary—for the moment?

What may be expected of this grand national council? Past events can give only a tentative answer. As General Johnson was winding up his career as Administrator, a dispatch from Washington declared that the President had taken leadership and expected to have "the administration's permanent policy for industry" ready for Congress before the NIRA expires in June, 1935. A few days afterward Donald Richberg hinted that the termination of boycotting and price-fixing was being considered by NRA and that more old-fashioned competition might be introduced through a modification of codes. The next day, A. D. Whiteside, member of the NRA board, speaking at the cotton garment convention, declared that less interference with business was the administration's aim.

These suggestions were followed by a "storm of protests" from industrial leaders against the elimination of price-fixing and production-limitation from the codes. Mr. Richberg coun-

tered by an address in Indianapolis "predicting a middle course" for NRA. Confirming this statement, the President expressed a desire to have industry "police itself" and control its own chiselers. On Oct. 22 "a high official" in NRA declared publicly that the "restriction of industrial output has been definitely discarded as a policy in the industrial program." A new feature was added to the picture by the sixth section of the report made public by the Senate Committee on Currency and Banking to the effect that "the cure for our corporate ailments * * * may lie in a national corporation act."

In business circles the same division of counsels was apparent. Leaders in large business enterprises seemed desirous of retaining some features of NRA, with a less strict Federal supervision and with emancipation from the hobbles of collective bargaining. Certainly they did not want a return to the prosecution and persecution conducted by a new crop of "trust busters." Nor did any "trust busters" appear in circles deemed intelligent, unless forsooth Senator Borah should be included in that fraternity. But business leaders displayed awareness that President Roosevelt was under constant fire from labor and agrarian interests and not free to approve a program conceived entirely in terms of their interest. In addition small business enterprises, eager to break into profitable operations by price-slashing, encouraged by Republican politicians, tore at the flanks of great corporate undertakings, threatening once more a war of all against all.

ROOSEVELT AND THE BANKERS

The state of tension and uncertainty which characterized the administration and business in general marked the sessions of the American Bankers' Convention in Washington in October. (See article by Elliott V. Bell on page 257.) That a majority of bankers were hostile to the New Deal had been revealed by a *Literary Digest* poll. The finding was confirmed by the undertone of their frankest speakers at the convention. They resented the President's insinuation that they had not done their full duty by the government and they wanted assurances from him.

What assurances? The currency must be definitely stabilized on a gold basis, although a return to the Gold Standard Act of 1900 seemed out of the question. There must be a guarantee against inflation by the free coinage of silver or by government issues of paper money. Government expenditures and borrowings must be cut down and something like a balanced budget established, without drastic increases in inheritance and income taxes. Any kind of central bank of issue under government auspices must be resisted to the last ditch. On such terms, speakers for the bankers maintained, "confidence" could be restored and a return to prosperity promoted.

On the side of the administration the situation was handled deftly. Its speakers conceded the desirability of the bankers' program, but asked disconcerting questions. Should the President definitely fix the gold content of the dollar and allow Great Britain to slash into the foreign and domestic commerce of the United States by currency manipulation? Should the President take a positive stand against silver and greenbacks, and risk being overwhelmed by agrarians and inflationists in Congress, or should he maintain the equivocal position which he has long occupied as check and mediator? Should Federal outlays for relief and the stimulation of business be drastically curtailed, the unem-

ployed allowed to starve, and industries living on government expenditures be permitted to sink into ruin?

In the face of such stark realities, should the President actually "balance the budget" and deprive the government of the instrumentalities of the last resort—silver, greenbacks, and the flexible gold standard? If no one is to starve in America, how can complete and positive assurances be given now? After the bankers' solid front had been shattered by the representatives of the administration, President Roosevelt delivered an address that was a work of art.

In this address, the President made concessions without surrendering sovereignty. He declared that government by the necessity of things must be the leader, must be the judge of the conflicting interests of all groups in the community, including bankers. He listed the interests which should form an alliance for recovery: Business and banking, agriculture and industry, and labor and capital. Then he proceeded to concessions and reservations. The activities of government agencies in the banking field will be curtailed—in the proportion that the slack is taken up by private agencies. Expenditures for relief will be reduced—with the revival of business. There is a growing appreciation among other nations of the desirability of steadiness in prices and values —the President has been glad to take note of the fact.

The profit system is generally accepted in the United States—in his spoken address the President emphasized strongly the word "accept," to the deep satisfaction of the audience. He defined the term as "the theory that wealth should come as the reward of hard labor of hand and mind," thus adding a new definition to the three or four hundred supplied by as many economists, living and dead. The bankers cheered "for several minutes, until the President had left the stage." They extracted from the speech all the hope and confidence warranted by the circumstances, but leaders among them and administration officials, as well as outside observers, must have recognized that they were all in the grip of a somewhat merciless fate—a fate hidden in the unpredictable movements of history yet to be made.

AMERICAN LABOR PROBLEMS

In October also the American Federation of Labor concluded the sessions of its annual convention in San Francisco. In the main, its decisions followed the orthodoxy of American trade unionism established by Samuel Gompers—short hours, high wages and collective bargaining within the framework of capitalist economy. That capitalist economy was in a bad way and could not provide employment for millions at any wages did not seem to disturb the thinking of the leaders or delegates. By unanimous vote the convention declared itself in favor of a universal six-hour day and thirty-hour week, without reduction in pay. In an address delivered outside the convention hall John L. Lewis insisted that NRA provided a middle way between fascism and communism and offered a remedy for the worst evils of cut-throat competition, but its labor provisions must be carried into effect, assuring the "full organization on the part of free labor with the right to enter into collective agreements with employers."

Despite the speeches and resolutions flavored with union orthodoxy, the federation convention took certain steps away from historic craft unionism in the direction of organizing workers in great industries into "vertical unions." Experience had taught

even the stoutest of the old-line unionists the impossibility of forming pure craft unions in mass-production industries; and the presence of delegates from unions in such industries—rubber, automobile, radio, cement and electrical manufacturing — made an avoidance of the issue out of the question. So the convention, by unanimous vote, authorized the governing council of the federation to grant charters to unions in the automobile, cement and aluminum industries. It also instructed the council to issue charters in other industries of that class at its discretion and to inaugurate a vigorous campaign to organize labor in the iron and steel industry.

Determined to have "new blood and new ideas" in the government of the federation, the convention voted to enlarge the executive council, or board of strategy, by adding new members direct from active unions, thus reducing the weight of the "self-perpetuating oligarchy," as it was called. This action brings new men into the council and permits the organization of additional departments within the council for a more vigorous execution of policies. Francis J. Gorman, who had led the textile strike in September, declared that under the new dispensation it would be possible to organize 3,000,000 workers in the apparel trade alone if unions in that field stood together.

If this pointed in the direction of industrial unionism and away from action through agencies of government, the convention was not prepared to abandon politics entirely for syndicalism. On the contrary, it voted down a resolution to withdraw all union officials from posts in the NRA where labor policies were inevitably involved in efforts to organize and codify the laws and customs of great industries and business enterprises. Furthermore, the convention listened sympathetically to an address by the president of the International Federation of Trade Unions, to which American labor had long been indifferent or hostile. The reason for the change was evident. In the Fascist dictatorships of Europe "free trade unions" had been completely smashed and all workers subjected to the absolute and uncompromising oligarchy of government.

Evidently, then, American trade unionism is in transition. It has recognized limitations on the rôle of "the gentlemen's crafts." It has accepted the necessity for vertical unions in mass-production industries. It has agreed that union leaders must assume some responsibilities in the collective organization of business enterprises under government supervision. It has approved a program of social legislation, including old-age pensions and unemployment insurance. And it has indicated an awareness of the difficult position of labor in a country where the proportion of strictly industrial workers is declining, owing to the growth of labor-saving inventions and the severe rationalization of industrial plants. While it is conscious of the political power of labor under the American electoral system, in which compact minorities can swing one way or another, it shrinks from anything savoring of "proletarian dictatorship" and the assumption of large responsibilities for keeping industry running at a high tempo. Some lessons of fascism have not been lost upon the directors of the American Federation of Labor.

After the adjournment of the federation's convention, however, a number of events conspired to drive organized labor toward action on its own account. Among these events were the resignation of Lloyd K. Garrison as head of the National Labor

Board, the failure of the Department of Justice to present the board's decision in the Houde case (see October CURRENT HISTORY, page 79) to the Federal courts, clear indications that President Roosevelt's administration did not intend to proceed to the elaboration and enforcement of the collective bargaining principles of Section 7a, and growing doubts respecting the willingness of the courts to sustain decisions of the National Labor Relations Board. A press dispatch from Washington, dated Oct. 31, declared that "organized labor is well on the road to deciding that it will pay less attention to the various labor boards and more to legislation and economic action; that is, strikes."

In the sphere of labor action, President Roosevelt sought to bring about a truce between capital and labor and secured many favorable replies by official spokesmen, without having any noteworthy visible results. His decision to leave the enforcement of NRA rulings to the Department of Justice and the Federal Trade Commission provided no settlement of the prevailing uncertainty in labor circles. By Executive order the President set up the new labor and work assignment boards in the textile industry as steps in carrying out the recommendations of the Winant committee in connection with the textile strike of September. Within ten days leaders of the Textile Workers Union charged employers with many violations of the apparent truce and declared that a new strike was on the horizon.

The award of the National Longshoremen's Board, bearing on the San Francisco strike of August and the subsequent truce, was made public on Oct. 12. It sanctioned a thirty-hour week, a wage increase, joint control of hiring halls and the adoption of a plan to eliminate favoritism among employes. In essence it conceded all the principal demands of labor, over which the desperate conflict was waged. On Nov. 2 President Roosevelt extended the Automobile Code to Feb. 1 and ordered a job inquiry with a view to better stabilization of employment in the industry.

THE BUSINESS OUTLOOK

When our inquiry is turned from election returns, speeches, promises and shifts of administrative machinery to the movement of economic forces during the brief season under review, certain tendencies are found in sharp outline. Business, as measured by standard indices, staggered along at about the same level as during the Summer and Autumn. No sign of any deep cut in the burden of public relief was revealed in the figures released by FERA. In October the RFC announced that it had made commitments and authorizations in the recovery program exceeding $8,000,000,000. A few days later the FCA stated that $1,217,000,000 had been lent to farmers for financing their debts and current operations. No figures were available from the HOLC, but judging by the campaign pushed by construction and supply interests, the government was rapidly gathering obligations directly through its partial insurance of home loans. Meanwhile work was being so pushed in the Tennessee Valley, at Bonneville and at Grand Coulee that repercussions were felt as the conflict with private and local interests unfolded. If, as President Roosevelt said in his address to the bankers, the government is to curtail its activities as private enterprise takes up the slack, it must be said from the record of facts and figures that there was no evidence of curtailment in sight.

Canadian Cabinet Ousts Minister

By J. BARTLET BREBNER
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THE resignation from the Canadian Cabinet of H. H. Stevens, Minister of Trade and Commerce, was accepted by Prime Minister Bennett on Oct. 27. Thus was terminated what Mr. Stevens described as his "intolerable" position of not enjoying full Cabinet support in his campaign against big business. Mr. Stevens ceased to be chairman but remained a member of the Royal Commission created to carry on the investigations which he guided at the head of a Parliamentary committee last Spring.

The exchange of bitterly outspoken letters between Mr. Bennett and Mr. Stevens seemed to confirm the report that the former, after long efforts to reconcile factions in his government, had allowed others in the Cabinet to tell Mr. Stevens what they thought of him. Both practically accused each other publicly of deliberate falsehood.

Most observers agreed that to force Mr. Stevens out was bad political strategy. By tolerating his activities for months and by using them for electoral purposes, the Conservative party identified itself with them. Meanwhile, Liberal moderation, coupled with sweeping electoral successes, had won the support of the business interests whom Mr. Stevens affronted by his candid assaults on their methods. It was too late to win them back. Moreover, the public acclaim for revelation of business abuses was bestowed on Mr. Stevens; to oust him meant to lose popular support.

It was generally assumed that Mr. Stevens's impulsiveness had created an opportunity for one faction in the Cabinet to force Mr. Bennett's hand by demanding that he establish the unity without which Cabinet government is impossible. Mr. Stevens's future career and particularly the exchange of explanations with Mr. Bennett on the floor of the House were eagerly awaited in Canada. Meanwhile the Royal Commission, with Mr. Stevens still its dominant member, has begun to investigate the lamentable condition of the fisheries in the Maritime Provinces.

CANADIAN FOREIGN POLICY

Recent events have clearly indicated that Canada is being confronted with what is to her the embarrassing necessity of framing foreign policies. Like the United States, Canada has yearned unsuccessfully for isolation and avoidance of foreign commitments, but her rapid rise to nationhood during the decade after 1910 repeatedly forced her to face international responsibilities. Unlike the United States, however, Canadian governments, whether Liberal or Conservative, have seldom found it necessary to take the people or Parliament into their confidence on foreign policy. In 1921, when the Canadian Prime Minister, Arthur Meighen, successfully opposed the intention of the British Cabinet and the other Dominion Premiers to renew the Anglo-Japanese alliance, he had neither asked for nor received popular approval.

The present tour of the Dominions by Sir Maurice Hankey, secretary of the Committee of Imperial Defense in London, has drawn attention to Canada's obligations in the plans of that body. Canadians have known that their regular and militia regiments are trained and equipped in identically the same way as the British military forces, and they assume there are various other forms of imperial co-operation. More explicit information as to the extent of this imperial integration has recently become public, including the somewhat unexpected fact that a Canadian air liaison officer is resident in London. When it was reported in mid-October that the Committee of Imperial Defense had submitted a comprehensive new plan to the Dominions, Canadian apprehensions and curiosity noticeably revived.

The insistent problem, to which Canadians cannot close their eyes, has been the rise of Japan. Canada's stand against the Anglo-Japanese alliance in 1921 was successful because it promised an improvement in Anglo-American relations. Since then the United States and Great Britain have been notoriously unable to reach an understanding upon their attitudes toward Japanese expansion, a circumstance which has intermittently embarrassed Canada, standing as she does between them. The Canadian Government, in the Spring of 1933, was placed in an awkward position with Parliament and the people because it had not forewarned them as to its reasons for supporting Sir John Simon at Geneva in his unsuccessful attempt to prevent Japan from leaving the League. The naval conversations in London have aroused Canadian curiosity as to whether Great Britain and the United States can agree or, if not, how Canada will be affected by their differences. Nor can Canada refuse to overlook the recent pronounced friendliness of Australia toward Japan.

ON THE ECONOMIC FRONT

The Canadian Government on Nov. 1 acted decisively to help its wheat producers. The Winnipeg Grain Exchange at Ottawa's request pegged wheat figures at 75 cents a bushel for Decembers and 80 cents for Mays, the closing quotations of Oct. 31. An immediate rise in Winnipeg prices and a hurried readjustment upward of prices in other markets seemed to justify the action. Further confirmation was found when the Broomhall estimate of Oct. 31 calculated the world's necessary wheat imports for 1934-1935 at 576,000,000 bushels, half of which was expected to come from Canada. In that light prices in Winnipeg were seen to have fallen too low.

In the course of market operations to smooth out price movements the government acquired large holdings. When speculation and conditions in the world market brought about a fall in wheat prices the government managed to check what might have been a panic by announcing on Oct. 3 that it would not sell its holdings until actual consumers wanted them. The price steadied at once and held during October.

The decision to peg prices, however, was a serious one, for if the price chosen was far out of line speculators could take advantage of government support. The Exchange resented the accusations that it had been "raided" by foreign speculators, and vigorously defended itself. Western farmers, on the other hand, seeing a chance to weaken or short-circuit the Exchange, clamored for government control of marketing. Canadian millers and processors of wheat, like the buyers at Liverpool, naturally claimed that the price should be allowed to find its

own level. Artificial support by government, they said, was what had given Argentina its chance. The Canadian price was too high.

At the same time that minimum prices were established it was announced that the government would continue to intervene when necessary to avoid violent price fluctuations. The price rise and the resumption of exports which followed during the early days of November seemed to indicate that the estimate of a minimum competitive world price was nearly right. It was also reported that Argentina was considering similar action, a step which would still more seriously limit speculative possibilities.

A somewhat comparable situation developed among the paper manufacturers during October. Overexpansion of the Canadian paper industry in the decade before 1929 led to a fall of prices and numerous bankruptcies. During the last eighteen months, however, demand and production have increased enormously, and a pooling arrangement has saved some of the weaker mills. Plans to raise the 1935 price sufficiently to allow some profits to the average mill were upset when it became known that one paper company which enjoyed low-production costs had renewed its 1935 contracts at the 1934 rate. Immediately Prime Minister Taschereau of Quebec announced that "government cannot tolerate such complete disregard of the public interests," and threatened to raise the Provincial stumpage rate to prevent the recalcitrant mill from making a profit at the price it had set. He even suggested that if the paper industry would not regulate itself for the public interest the Federal Government would. The Prime Minister of Ontario promptly supported him.

At the beginning of October the Dominion offered a domestic conversion loan of $250,000,000 to yield between 2 and 3.81 per cent, the cheapest rates in Canadian history. This huge loan, oversubscribed by $33,000,000, will save annually $4,650,000 in interest, making total savings of $14,615,000 from recent Canadian conversion operations. This success was followed by reduction in saving bank interest and in other private interest rates. Canada, however, is suffering like the United States from a glut of idle money for which the banks cannot find acceptable borrowers.

The regulation of exports and domestic consumption established by the Marketing Act of 1934 has begun. Apples, pears and shingles were the first products for which marketing schemes were approved; the egg and poultry industry of the Prairie Provinces secured approval on Oct. 17; plans for cattle and tobacco have been before the board, and the newsprint crisis has made it probable that that industry will pass under Federal regulation. The recent trade agreement between the United States and Cuba has closed an important market for Canadian potatoes, so that plans for marketing that commodity have been considered. Regulation of business practices is also in progress; codes have been set up in British Columbia and Alberta, while Manitoba, Ontario and Quebec are now discussing the subject.

In general, economic improvement had resumed its advance, although at a slow rate and with some contradictions. Foreign trade in September, for instance, showed exports less than 1 per cent and imports about 9 per cent above September, 1933. The tendency to import less from the United Kingdom and more from the United States continues.

Mexico's War on the Church

By CHARLES W. HACKETT
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REVOLUTIONARY Mexico's bitter feud with the Catholic Church entered a new stage in October with the adoption by the Mexican Congress of compulsory socialistic education in all schools as part of the program of the dominant National Revolutionary party to effect the "ultimate socialization" of the form of government. That program was outlined in the "Six-Year Plan" adopted by the party at its national convention at Querétaro in 1933.

Compulsory socialistic education is embodied in an amendment to Article III of the 1917 Constitution. That article now includes the following provisions: (1) Education shall be provided by the State; (2) it shall be socialistic and divorced from all religious doctrines, and shall combat fanaticism and prejudice in such a way that school activities will create in Mexican youth a rational concept of the world and social life; (3) only Federal, State and municipal authorities shall have the right to impart primary, secondary or normal school education, but if, for special reasons, private institutions are allowed to instruct children they must conform to the precepts already outlined and must be conducted by persons whom the government regards as having sufficient professional preparation; (4) religious groups or ministers will be forbidden to interfere directly or indirectly with primary, secondary or normal school education; (5) the formulation of educational programs shall be entirely under State control; (6) no private school may function without State authority; (7) primary education for children shall be obligatory and freely provided by the State.

Debate on the proposed amendment began on Oct. 2. The most militant opposition was brought to bear against the program of the National Revolutionary party that it has yet experienced. Even within Congress itself, which is composed almost entirely of members of the party, there was no unanimity of opinion. There was, indeed, no opposition to adopting socialistic education but strong differences of opinion appeared over the question whether it should be extended to all or to only some of the grades. The more "conservative" Deputies were in favor of exempting the National University and other institutions of higher education from the provisions of the amendment.

Outside Congress the most determined opposition came from Catholic organizations and from student bodies. One organization that took a leading part against the change was the National Parents Union, which government groups characterize as "Catholic," but which its members claim is nonpartisan. Declaring that the proposed reform is a final step toward "national socialism," the union urged parents to prepare for a permanent strike of students if an effort should be made to enforce socialistic education. It justified itself on the grounds that the National Revolutionary party "is trying to deliver a death blow to moral education and

the consciences of our children; is trying to deal a death blow to the family; and is trying to deal a death blow to private property." The union called upon the conscientious parent "to lose even his life to save the intellectual, moral and social integrity of his children."

After a week of debate the Chamber of Deputies voted unanimously on Oct. 10 to alter the Constitution as proposed except in the case of universities and also defeated a suggestion to substitute "Marxian" for "socialistic" education. The Senate did not approve the measure until Oct. 20. Despite increasingly militant student and Catholic opposition, the government announced on Oct. 12 that it would institute the new education in all secondary schools in the country and would continue in its anti-church attitude.

Student and Catholic opposition immediately began to take on an aggressive form throughout the country. In Puebla, where the government confiscated St. Theresa's Catholic School, students joined with several thousand Catholics in a two-day battle with police in which three persons were killed and many wounded. In Monterey, the authorities closed the University of Nuevo León on Oct. 11 after a series of clashes had occurred between students and police in which several persons were injured. A meeting of students demonstrating in Zacatecas for "liberty of curriculum" was broken up by Federal forces and police and the leaders were expelled from the State. Also at Zacatecas university undergraduates stoned the offices of the government newspaper *El Nacional* on two successive days and a 48-hour strike of students was partially successful. In Mexico City a body of demonstrators, mainly women, paraded on the principal avenues on Oct. 12 in protest against the new education. They were joined by a group of sympathizing university students who stoned the police. The demonstration was broken up by the police, who used tear-gas bombs and fire hoses.

President Rodríguez issued a warning on Oct. 18 that energetic measures would be taken by the police if there were any further opposition. Asserting that reasonable tolerance was now a thing of the past, President Rodríguez warned fanatical elements that if they continued their policy of disorderly protests, behind which, he said, was unquestionably a subversive movement, the police would take all steps that they might consider necessary. The same day police used sabers in suppressing disorders at primary schools in Mexico City. The Students Council of the National Autonomous University voted on Oct. 18 to suspend all classes pending a statement of the government's attitude toward the university. The council denied that the students were agitators, and declared that the university would not lend its support to either side in a political dispute. Also on Oct. 18 the authorities of the Universities of Saltillo and Guadalajara closed those institutions because of student protests. On Oct. 23 students in the National University and the National Preparatory School voted to strike for an indefinite period.

After the middle of October the government's activity against opponents of the new system of education was directed chiefly against Catholics. As a step "toward solving the Catholic question permanently," the Chamber of Deputies voted on Oct. 19 to request President Rodríguez to expel all Catholic Bishops and Archbishops from Mexico. President Rodríguez reiterated at the end of October the

charge that the Catholic clergy were attempting to overthrow the Mexican Government by force and instructed Attorney General Portes Gil to investigate and to "act with all energy" to prosecute any one found so involved.

Meanwhile drastic repressive measures had been taken by national and State authorities against the church. The closing on Oct. 22 of two Catholic churches in Colima, capital of the State of that name, brought to four the number of States in the republic that were altogether without churches, the others being Tabasco, Chiapas and Sonora. The State of Guerrero on Oct. 23 ordered Bishop Escudero of that State and all Catholic priests to leave within seventy-two hours under penalty of "energetic action." Dispatches of the same day reported that police in Chihuahua City had taken possession of a Catholic seminary and had ousted two priest-instructors and twenty-two students; also that the Zacatecas State Legislature had voted to change the names of all towns, streets and stations in the State named after Catholic saints. On Oct. 25 the authorities of the State of Chihuahua canceled permission to all Catholic priests to perform their office there.

A demonstration in support of the government's religious and educational policies was held in Mexico City on Oct. 28, when a crowd, estimated to number 200,000, paraded through the principal streets and in front of the National Palace, where President Rodríguez and his Cabinet reviewed the marchers. The parade, said to be the largest ever held in Mexico City, was headed by groups of Senators and Deputies, a large percentage of government employes, many of whom were women, and laborers. The marchers carried numerous banners with inscriptions such as "Death to the Catholics"; "Socialist education means freedom from Catholic oppression"; "We seek the return of all priests * * * to the Vatican."

The Mexican Supreme Court on Oct. 30 handed down a decision that all privately owned buildings in which Catholic ceremonies of any kind are held shall automatically become the property of the nation. The decision was in accordance with the constitutional provision that nationalizes all churches.

As the month of October closed the anti-clerical campaigns of both Federal and State Governments were making increased headway. Attorney General Portes Gil was studying documents handed to him by President Rodríguez. These, the President said, showed the purpose of Catholic clergymen to rebel against the government's new restrictive measures.

United States Ambassador Josephus Daniels became involved in the Mexican educational controversy in such a way that Catholics in the United States have demanded that he be recalled. In a speech delivered at the American Embassy to a group of educators on July 26, Mr. Daniels, after expressing his confidence in State education maintained by general taxation, used a quotation from an address by former President Calles, which was interpreted in some quarters as an endorsement of the Mexican Government's program for removing religious training from the schools and as possibly implying that this had the moral support of the United States Government.

General Calles, in the speech quoted by Mr. Daniels, had demanded that Mexico "rescue" her youth from the "claws of the clericals," whom he denounced along with conservatives as "the enemy." "We must now enter and take possession of the consciences of the children," he said, "of the con-

sciences of the young, because they do belong and should belong to the revolution."

Mr. Daniels did not mention this part of General Calles' speech, but Catholics argued that in quoting any part of the speech he gave moral support to the Mexican program of anti-religious education; accordingly, protests in the form of resolutions and communications to the Department of State from Catholic organizations in the United States grew in volume, especially after the Mexican Congress began to debate the amending of Article III of the Constitution.

These protests against Mr. Daniels's address finally reached such proportions that on Oct. 17 Acting Secretary of State Phillips telephoned to the Ambassador, who stated that he had no idea that his remarks of last Summer could be interpreted as having any relation to controversial matters in Mexico. "I truly believe," Mr. Daniels said, "that the future of Mexico depends upon an educated population. The hope is universal education, and in no country has this been provided except by general taxation."

CUBA'S TROUBLES PERSIST

Cuban constitutional guarantees were once more suspended by Presidential decree for thirty days in the Provinces of Havana and Oriente at the beginning of October. The decree stated that the government had found this measure necessary as a result of the attitude of various radical elements which were attempting to provoke public disorders in those Provinces.

Labor disturbances early in the month culminated on Oct. 8 in a general strike, sponsored by the National Federation of Labor. In the accompanying violence rifle and machine-gun bullets sprayed Havana streets, killing one person and wounding fifteen others. An early check-up revealed that the following workers were on strike, either wholly or in part: Railroad employes, truck drivers, tram maintenance men, dock workers, bus men, sugar-mill employes and Left Wing students. As a result of the strike only twenty-five street cars ran in the capital on Oct. 8. Half the newspapers did not publish, and soldiers operated buses and some street cars. Outside Havana the strike was less effective.

The strike lasted only one day. After some unions, including those of public service employes, had refused to join the movement, the Federation of Labor ordered its members back to work late on the evening of Oct. 8.

The property of the American-owned Cuban Telephone Company, which had been under government supervision since Aug. 8, was returned by the Cuban Government on Oct. 1. At the same time an old labor conflict was settled by reinstatement of 207 workers who had taken part in a strike. Forty-nine strikers accused of terrorism were permanently dismissed from the company's employ by the terms of the settlement.

The Cuban Government on Oct. 29 fell completely into the hands of the Nationalist party as a result of the reorganization of the Cabinet by President Carlos Mendieta, who heads that party. The change was interpreted as a move to eliminate internal dissension until the national elections on Dec. 30.

The League and the Chaco

By Henry Grattan Doyle
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PEACE still eludes the Chaco, though as usual there have been signs that a settlement may not be far off. The most recent cause for hope lay in Paraguay's appointing a delegate, Dr. Ramón Caballero y Bedoya, who would "place himself at the disposal" of the League's Conciliation Commission, which was to meet on Nov. 20. Since Paraguay, insisting that basic questions could not be discussed until hostilities had ceased, earlier refused to cooperate with the League's commission, the appointment seemed to indicate that at last she had become willing to discuss fundamental problems. But six years of diplomatic disappointments in the Chaco should prevent too optimistic a view of this latest development.

Paraguay, however, could well afford to make concessions. Previously she maintained that she would negotiate only after cessation of hostilities and "effective guarantees" for the maintenance of the *status quo* during negotiations. These "guarantees" formerly included withdrawal of Bolivian forces beyond the limits of the disputed territory, a point now rendered invalid because the Paraguayans have for all practical purposes expelled the Bolivians from most of this region.

Among other guarantees formerly included in Paraguayan demands were demobilization of the armies, reduction of military effectives, limitation of arms purchases and a system of policing by each country of the occupied territory. A special pact of non-aggression was also asked. This position was set forth in a note to the League Conciliation Commission as recently as the first week of October. But on Oct. 15 Bolivia rejected the proposal, stipulating "international policing" of the "whole territory subject to arbitration," conciliation or arbitration based on "special agreements" and guarantees of security in most respects not unlike those sought by Paraguay.

After receipt of these two communications the Committee of Twenty-two convoked the special session of the League Assembly for Nov. 20 to "take action under Article XV, Paragraph 4" of the covenant. The League has hesitated to act under this article (involving the employment of "sanctions"), the only previous suggestion of its employment having occurred during the acute phase of the Manchurian question. Conciliation would, of course, render unnecessary any recourse to the sanctions contemplated by Article XV.

If the reported recession of Paraguay is true, the greatest remaining obstacle to effective efforts for peaceful settlement of the embroglio lies in the rather innocent-looking words "the whole territory subject to arbitration" and "arbitration based on special agreements." Bolivia's references to the "whole territory subject to arbitration" and "special agreements" (which doubtless means agree-

ments defining in advance the "arbitral zone") looks like a reaffirmation of her position maintained with stubbornness equal to that of Paraguay respecting suspension of hostilities. If it involves an effort to reopen the question of the territory awarded to Paraguay under the Hayes Award of 1876, hope of further progress at this time seems futile. If the former Bolivian stand is maintained, Paraguay's reported concession will have been in vain.

During the meeting of the Chaco Committee on Oct. 15, Delegate Alberto Guani of Uruguay repeated a suggestion made two weeks before that the League should follow a policy of hands off in the Chaco problem. He called attention to Article XXI of the League covenant, which recognizes the validity of the Monroe Doctrine, as a basis for leaving settlement of the dispute to the American States. His suggestion brought protests from other Latin-American delegates, especially Francisco Castillo Nájera of Mexico and Manuel Rivas Vicuña of Chile, who called the suggestion "unfortunate" and declared that most of the Latin-American nations had never recognized the validity of the Monroe Doctrine, which, they said, was purely a unilateral document. In view of the work of the League in settling the Leticia dispute, the consistent support of its efforts by the United States and the acceptance of its cooperation by the ABC nations and other American States, Señor Guani's point does not seem to be well taken; and it was in fact disregarded by the committee.

The beginning of the rainy season, which renders impassable much of the Chaco and practically precludes major military operations, found Paraguay on Nov. 1 in possession of practically all the disputed territory over which active warfare has been raging since June 15, 1932. Paraguay claims to have won about 20,000 square miles of territory, her advance having reached the sixty-second meridian on the west and the twentieth parallel on the north. The severest fighting occurred between March and July, 1934, centring about Ballivián, the Bolivian Verdun on the Pilcomayo River, where a magnificent Paraguayan attack met an equally magnificent defense.

Operations in October included the capture by Paraguay of Fort Ingavi, in the northern Chaco. Ingavi had been the headquarters since March of General Lanza's Third Bolivian Army Corps, the force organized to threaten Paraguayan ports on the Upper Paraguay River. Capture of Fort Picuiba on Aug. 15, followed by the capture of Fort 27th of November, the Third Army's supply base, and the accompanying cutting of communications with Villa Montes, the Bolivian general headquarters, rendered General Lanza's position precarious. On Oct. 7 Paraguay announced that Ingavi had been captured and that General Lanza had retreated northward to Roboré.

POLITICS IN ECUADOR

Although the Ecuadorean Congress on Oct. 4 declined to accept President Velasco Ibarra's resignation, the friction between him and Congress has apparently not ended. Attacks on his administration, which during his first month of office were concentrated on the Ministry of Finance, led to the resignation of the Finance Minister and the transfer of the Minister of Education, Antonio Parra, to that post. The next phase of the attack concerned foreign affairs. According to news reports, the "chaotic" state of border questions between Ecuador and Peru—one of the few

unsolved boundary problems in South America is the Oriente dispute affecting these countries—was the spearhead of the offensive conducted by opposition elements in Congress.

The Minister of Foreign Relations, Manuel Sotomayor, appeared before Congress in executive session to answer questions concerning the conduct of his office and the foreign policies of the administration. It was reported that the opposition groups intended to propose a vote of no confidence in the Foreign Minister. Criticism chiefly centred upon the President's pre-inauguration tour of South America capitals. It was alleged that the President's visit to Peru had changed the attitude of the Peruvian President, who had been reported in favor of a settlement.

The possibility that the President may be compelled to assume a dictatorship or relinquish office does not seem wholly remote. As an apparently sincere Liberal, the President is averse to the the latter course; yet, in spite of the fact that he was a leader in the Congressional moves which finally ousted his predecessor, Martínez Mera, he must realize that government becomes impossible under a system which makes it incumbent on a constitutionally elected President to submit his resignation whenever his program encounters an adverse vote in Congress. There have been rumors that a way out might be sought in revision of the Constitution. Yet this would be unlikely without a revolution or a dictatorship.

DISTURBANCES IN BRAZIL

Dispatches from Brazil on Nov. 6 reported that revolt had broken out at Corumba and Cuyaba, in the State of Matto Grosso, under the leadership of two army officers. On the same day police in Rio arrested a number of Communists. A month earlier Communists fired from housetops at a parade in Sao Paulo of Integralistas, the Brazilian Fascist organization, in which about 10,000 of its members from all parts of Brazil were participating. Eight were killed and thirty-six wounded by the fusillade.

The Integralistas claim a membership of 30,000 to 80,000, but are estimated to have more nearly the smaller number. They wear olive-drab shirts, and use as their symbol the Greek letter Sigma; their motto is "God, Country and Family." Arrests of alleged Communists following the outbreak led to strikes, further arrests and preparations for the deportation of agitators.

In contrast with these disorders, the national election on Oct. 14 was held under unusually peaceful conditions. Nearly 2,700,000 voters were registered for the elections, as against 500,000 or less under the old régime. The new Constitution promulgated on July 16 enfranchised all Brazilians, men and women, 18 years of age or over, provided they can read and write.

PERUVIAN AFFAIRS

The Peruvian Congress on Nov. 3 after two weeks of secret discussion formally approved the treaty negotiated at Rio de Janeiro for the settlement of the conflict between Peru and Colombia, which arose out of the seizure of Leticia by Peruvian civilians on Sept. 1, 1932.

It was announced on Nov. 1 that the Peruvian general elections set for Nov. 11 had been postponed to permit the electoral commission to purge the lists of those illegally registered. This was the fifth postponement of these elections, which were scheduled originally for the first Sunday in June.

Britain's Confident Mood

By RALPH THOMPSON

AFTER three months' vacation the British Parliament reassembled on Oct. 30 for the few weeks remaining to the session. Ramsay MacDonald was back from a rest in Canada and Newfoundland, bronzed, apparently in good spirits, and full of praise for National government policy. Neville Chamberlain had been at pains in a speech on Oct. 2 to convince London bankers and merchants that prospects were "definitely encouraging." Stanley Baldwin had comforted the Conservative party conference at Bristol with words of praise and assurance. At Glasgow University Walter Elliot had braved a storm of tomatoes and eggs (and, as one report had it, "a chorus of animal noises") to declare the National government the guardian of Britain's ancient liberties.

It was in an atmosphere thus permeated with official satisfaction that Parliament began work. First in importance on the program for the remainder of the old session and for the new (scheduled to open on Nov. 20) was no doubt the legislation to determine, according to the recommendations of the India Joint Select Committee, the future of British India. On Oct. 4 the Conservatives in conference at Bristol had by a scant majority—543 votes to 520—rejected a resolution condemning relaxation of British control. Parliament, it was felt, would, when the issue came up for debate, be less hostile to whatever changes were proposed.

Also on the legislative calendar were the held-over Betting and Lotteries bill, the Incitement to Disaffection bill, and the Electricity Supply bill. Preliminary reports indicated that Labor would press for a munitions inquiry like that held in Washington during September, and that the government would introduce a new housing measure as well as bills affecting public relief, national health insurance, the merchant marine and the livestock industry.

Despite the cheerful remarks of prominent Cabinet Ministers, the National government had no easy job on its hands. Liberal party objections to its conduct of affairs had been bluntly stated before the Manchester Reform Club on Oct. 4, when Sir Herbert Samuel denounced a tariff policy "for the sake of tariffs," the "inactive complacency" toward a condition in which one-tenth of the population was unable to support itself, Britain's failure in matters of foreign affairs ("not one undertaking within the past three years has been carried to success") and the timidity in handling such matters as the Sedition bill, the Tithe bill and electoral reform.

If Sir Oswald Mosley and his British Fascists have become less troublesome to the government—and have begun to fight among themselves, as shown by the creation late in October of an anti-Mosley Fascist faction in Gloucestershire—Labor has offered an increasing challenge. In parliamentary by-elections held since 1931 Labor has gained only seven seats, but in municipal elections so-called toryism has suffered serious set-

backs. Following the trend which in March put the Opposition in control of the London County Council, the voting for borough councilors during the first week in November gave Labor a majority in fifteen of the twenty-eight London boroughs, where before it controlled only four. In rural England and Wales and in Scotland a similar shift of allegiance was evident. Clearly the approaching parliamentary elections, be they held in 1935 or in 1936, will not be easy for the present government.

If elections were to be held today, to what could the National government point with pride? What are conditions in British finance and trade, among the unemployed and underprivileged? Recent official figures furnish the evidence.

Bank of England gold holdings at the end of October were the largest in history, and the proportion of reserve to liability was 48.50 per cent—1¼ per cent below that a year ago. Securities of the government at about the same time reached levels attained previously only in the Eighteen Nineties. Industrial profits for the third quarter of 1934 exceeded those for the corresponding period of 1933 by an average of 27 per cent, hotels and restaurants, iron, coal and steel companies, and certain motor concerns reporting more than doubled net profits. September foreign trade figures were the most satisfactory of the year. Imports during the first nine months of 1934 were approximately $250,000,000 greater than those for the corresponding period of 1933, while exports rose by about $115,000,000.

Later figures than those available to Professor Hewes (whose article, "Britain's Care of the Jobless," is printed on pages 284-290 of this magazine) show that on Sept. 24 Great Britain had a total of 2,081,987 unemployed persons registered with employment exchanges, 254,740 fewer than a year before. Of this number 47 per cent were applying for insurance benefit and 38 per cent for transitional payments. The remaining 15 per cent were uninsured and for various reasons not entitled to transitional payments.

Poor Law statistics show that on June 30 persons totally destitute and receiving relief numbered 1,325,307, about 235,000 more than a year ago. Critics of the government claim that the increase is the natural reflection of the decline in unemployment figures, but on Oct. 17 this was denied by the Parliamentary Secretary to the Ministry of Health. The great majority of Poor Law beneficiaries in England and Wales, he said, are not potentially employable, and of those that are, only 10,000 are not included in the official number of unemployed.

SHAPING A NEW IRELAND

General O'Duffy's sudden departure late in September from the high councils of the United Ireland party caused no dangerous political vacuum. The space he occupied was quickly but gently filled by Blue Shirts less violent than he and by relatively placid followers of Mr. Cosgrave. From within and from without the opposition to Mr. de Valera became less difficult to handle than it had been before. General O'Duffy seems to have gained by his move nothing except political oblivion.

Constitutional methods are now supported by the United Ireland party almost without division; Mr. Cosgrave's earnest caution has replaced the O'Duffy hotheadedness, and the belligerence which once threatened all Ireland has subsided into more or less polite political disagreement. The League of Youth has for the time being, at least, abandoned extremist

tactics. On Oct. 19 Patrick Belton, chief remaining champion of O'Duffyism, was read out of the United Ireland ranks. Earlier in the month the government, which had but recently considered outlawing all Blue Shirts, granted free pardons to nine convicted by a military tribunal, restoring even military pensions to four, including the new director general of the League of Youth, Commandant Edward J. Cronin.

But O'Duffyism had gained a following by positive action. The Cosgravites therefore announced that they too—by constitutional means—would aid the farmers striking against "unjust" taxation. Mr. Cosgrave labeled the Land Commission's power to seize defaulting farmers' stock without court proceedings a gross violation of constitutional rights, and promised to fight in every legal way such high-handedness on the part of the government.

Mr. de Valera, however, refused to discuss the question with a United Ireland delegation, on the ground that it had already been fully debated in the Dail. In any case, the Opposition could not hope to gain many votes by supporting the strikers. The sympathies of the rank and file of the Free State electorate are not with the rebels; most people regard them as capitalists unwilling to meet their obligations. De Valera has championed the poor against the well-to-do and the rich with telling effect. The Left Wing of the Fianna Fail may drive him to even more equalitarian policies.

Far from relenting, de Valera has intensified his drive against trade with Great Britain and against those farmers who claim that without it they cannot pay land annuities. Nor has the sturdy and often violent resistance encountered by the government since Spring abated. During October more than 100 farmers were arrested and taken to Dublin for trial. Sentences already meted out range from three months' to three years' imprisonment.

The government's policies are no doubt intended to be non-discriminatory, but in effect they have worked real hardships upon well-to-do citizens. A self-supporting and independent Free State is de Valera's avowed purpose, and to gain this end he spares neither sensibilities nor purses. He has put into practice one of the highest tariff schedules in Europe, determined to keep out anything and everything that can be made or grown at home. He has placed over industry and agriculture a control probably unprecedented in an English-speaking nation. Prices are fixed by a government-appointed tribunal; surplus foods and manufactures are disposed of on the Continent by cleverly negotiated trade agreements.

Dependence upon Great Britain even in matters of banking and currency is to be ended. On Oct. 25 Sean McEntee, Free State Minister for Finance, appointed a banking and currency commission which will probably recommend a central bank and other measures for Irish control of national credit and finance. Symbolic of the independence so zealously pursued was the citizenship bill announced on Nov. 5. Once this measure receives legislative approval the term "British subject" will be replaced by "Irish Free State citizen."

AUSTRALIA'S NEW CABINET

A journey from England to Australia in 1870 took about 100 days in a sailing ship. By 1910, thanks to improved shipping and the railroad across France, 35 days sufficed. Now, in 1934, three days will do—if one has

as reliable an airplane as that which late in October carried two British fliers, C. W. A. Scott and T. C. Black, from London to Melbourne in a few seconds under 71 hours.

The end of this air race turned the eyes of the world upon Australia. Within the Commonwealth itself the outstanding happening of the month (except, perhaps, for the celebration of the centenary of the State of Victoria's settlement) was the announcement of the new Federal Cabinet. On Oct. 12, after unsuccessful negotiation with Country party leaders, Prime Minister Lyons had formed a one-party government. But further conferences with Dr. Page, Country leader, provided a basis for a coalition. The principal portfolios were then distributed as follows: Dr. Page, Commerce; Sir George Pearce, External Affairs; R. A. Parkhill, Defense; R. G. Menzies, Attorney General; W. M. Hughes, Vice President of the Executive Council; A. J. McLachlan, Postmaster General; T. W. White, Trade and Customs; T. Paterson, Interior.

Since final election returns had given the United Australia party 32 seats in the House, the Country party 15 and the Labor Opposition 27 (not 35, 13 and 26, respectively, as stated here last month), Dr. Page's followers held the balance of power, and Mr. Lyons felt obliged to offer them a share in the government. When agreement was finally reached, the Country party had dropped their demand for a formal inquiry into the prevailing policy of protecting small industries, and the government had undertaken to meet in some way or other the Country party's insistence upon revised tariffs. The new Parliament, which opened on Oct. 23, will soon be asked to consider a schedule of generally reduced customs duties.

On his visit to England next year the Prime Minister will no doubt discuss alteration of the trade terms laid down at Ottawa. The long and often bitter debate between Australia and Lancashire over the new cotton duties, Belgium's threat to reduce purchases of Commonwealth grain, the dispute with Italy over Australia's wool quota—all have gone to show that the Ottawa agreements neither enable Australia to negotiate favorable foreign trade treaties nor avoid dispute even on the all important matters of inter-Empire trade.

Australian trade and industry, however, have risen considerably above last year's levels. The Commonwealth Government ended the 1933-34 fiscal year with an accumulated surplus of about $24,000,000, despite tax reductions of more than $36,000,000. Estimates for 1934-35 foresee a surplus of some $50,000 after further tax reductions, increased payments on such social services as old-age pensions and maternity allowances, and a complete restoration of all cuts imposed on Commonwealth public service salaries below $1,500 a year. Within the several States the prospects are not so encouraging. Queensland anticipates for the coming fiscal year a deficit of $4,000,000, South Australia one of $2,000,000, Victoria one of $1,000,000. In the fiscal year just ended New South Wales expenditures exceeded income by $12,000,000; in Western Australia the deficit was $3,225,000. Conditions would no doubt be worse if one-third of the Commonwealth's accumulated surplus during 1933-34 had not been granted unconditionally to the States.

GANDHI RETIRES

The plans for India put forward in the report and recommendations of the India Joint Select Committee were at this writing unknown. But the re-

port was near completion, and over Britain and India hovered its dark shadow. In conference at Bristol the Conservative party debated whether or not Parliament should grant even the limited measure of Indian freedom anticipated. In conference at Bombay the National Congress party showed clearly that no matter what Parliament might grant, it would be not enough.

Amidst this uncertainty Mahatma Gandhi on Oct. 29 resigned the National Congress presidency. This he had been for some time threatening, because, in his own words, the Congress was being suppressed by his presence and was not giving natural expression to its views. In September he had stated that "Congress intelligentsia are tired of my methods, views and program." Later he demanded amendment of the Congress constitution so as to embody in unmistakable terms his principles of non-violence and civil resistance, as well as strict injunctions regarding the "spinning franchise." By this rule Congressmen would pay franchise fees with yarn they had themselves woven and would vote only if they wore khaddar, cloth made from such yarn.

These amendments were adopted by the Congress conference, with minor changes, on Oct. 29, and in other respects also Gandhi was able to have his way. Because of his personality he is still the most powerful leader in India. But because of his theories he has suffered a loss of prestige. Realization of this fact no doubt led him to resign despite obvious victories. "God knows," announced the Mahatma as he bade farewell to the assembly, "when I shall speak from this platform again." His future efforts will be devoted to the All-India Village Industries Association, authorized b the conference on Oct. 28 to restoı ancient Indian industries and brin about the moral and physical a vancement of the villages.

While all the Congress groups sti agree upon the ultimate goal of In dian independence, the majority, co trolled by the Congress Parliamentar Board and Gandhi, are opposed b various elements, particularly th Nationalists, led by Pandit Malaviya and the increasingly powerful Socia ists. The Nationalists are unyield ing in their rejection of the communa award, which the majority have so fa neither accepted nor rejected. The So cialists demand transfer of all powe to the producing masses and the elim ination of the princes, landlords "an all other classes of exploiters."

Also opposed to Gandhi are thos with a Western outlook who deplor his religious and spiritual preoccu pations. As one of them recently said the Congress is a political body, no an organization for purifying th character of its members. Furthe opposition comes from those wh sympathize with such violence as tha which during the past year terrorize Bengal and culminated in the at tempted assassination of Governo Sir John Anderson. Still other dissi dents refuse to support the prograr in favor of the depressed classes. Th strength of this element was show when on Aug. 23 Gandhi's belove Temple Entry bill, which promise Untouchables legal access to places o worship, was withdrawn from th Legislative Assembly. Now that Gan dhi has removed himself from activ politics, he can observe the struggl from a strategic position. But his re tirement does not by any means indi cate that he has forever run awa from the battle.

The Doumergue Cabinet Falls

By E. Francis Brown

France in the first week of November *found itself in the midst of* another political crisis. The Doumergue Ministry, formed after last February's riots, tottered and then, on Nov. 8, fell. Its fall, however, did not produce the civil disorders which had been freely prophesied; instead the "truce Cabinet" was replaced quickly and easily by a new government led by the moderate Pierre-Etienne Flandin.

From the beginning the Doumergue government had a troubled career. Resting as it did upon a political truce arranged while the Third Republic was still shaken by social turmoil, it was never conceded a long or happy life. Last Summer a downfall was barely averted, and again after the assassination of the Yugoslav King and the French Foreign Minister at Marseilles on Oct. 9. But the final crisis apparently could have been avoided if Premier Doumergue had been more willing to compromise.

The immediate cause of the crisis was M. Doumergue's insistence that Parliament be asked to vote provisional credits for governmental expenses in the first three months of 1935. Once this had been done, he planned to proceed with the constitutional reforms so close to his heart. (See November CURRENT HISTORY, page 226.) Since the budget was ready for consideration, and business men were anxious for its immediate submission to Parliament, M. Doumergue's opponents believed he had some tricks up his sleeve. Did he want the provisional credits so as to be in a *position to dissolve Parliament if* it should oppose his desired reforms?

To the Radical Socialists, without whose support the Cabinet could not stand, the proposed three months' credits were wholly unacceptable. The party, moreover, was lukewarm toward the Premier's Constitutional reforms. When the Premier flatly refused to push through the budget before taking up those changes the six Radical Socialist members of his Cabinet resigned, precipitating the fall of the Ministry.

The new government, like its predecessor, rested on a coalition and a political truce. But it was more a Centre government than that of M. Doumergue, since, in addition to the retiring Premier, André Tardieu, the exponent of conservatism, and Marshal Pétain were among the missing. Pierre Laval, who succeeded the late Louis Barthou as Foreign Minister, remained at his post. From the Senate Marcel Regnier was brought to assume the Ministry of the Interior. Among the other members of the Cabinet were Georges Pernot as Minister of Justice, Louis Germain-Martin as Minister of Finance and General Louis-Felix Maurin as Minister of War. Edouard Herriot and Louis Marin entered the government without portfolios.

M. Flandin, it was believed, would be concerned less with political reform than with economic questions. In a statement made upon assuming office he spoke of the Cabinet's "de-

termination to fight with a single purpose against poverty and unemployment, to restore the nation's economy and finances, and to revivify and strengthen the State."

To some extent the fall of the Doumergue Cabinet relieved the political tension that had gripped France for a long time, especially since the tragedy at Marseilles on Oct. 9. The death of Louis Barthou forced M. Doumergue to find a new Foreign Minister; Albert Sarraut, Minister of the Interior, had been obliged to resign, and in the reshuffling of portfolios Henry Chéron, Minister of Justice, was forced out—one more victim of the still unsolved Stavisky mysteries. At first it was thought that the Ministry could not survive the strain, but for the moment no party would risk breaking the political truce. With Pierre Laval at the Quai d'Orsay, the Cabinet continued on its stormy way.

Although the cantonal elections held on Oct. 7 and Oct. 14 were expected to provide indications of the Doumergue Ministry's hold on the people, they revealed but little. The Premier, aided by Edouard Herriot, leader of the Radical Socialist party, appealed for defeat of the Socialist-Communist common front. While the results showed that France has as yet no inclination to go Left, they were as a whole inconclusive. Out of the 1,512 seats in the cantonal councils, the Radical Socialists won 486, the Centre parties 411, the Right parties 380, the Socialists 202 and the Communists 33. There was a slight turn toward the Right, as the Socialists lost 5 seats and the Communists 1. Nevertheless, in the press of the Socialist-Communist common front the loss was hailed as a victory, since the front had practically held its lines against what was regarded as a mass attack from the Right.

M. Doumergue could hardly consider these elections as a personal triumph. Yet they apparently gave him added courage to push ahead with his plans for constitutional reform. Before he could submit this program to the Cabinet, however, he had to wait until the attitude of the Radical Socialists had been determined at their annual congress. Without the support of this party—the largest in France—any reform program would be doomed in advance.

The Radical Socialists, meeting at Nantes on Oct. 25, showed no enthusiasm for M. Doumergue's proposals to strengthen the central government. In particular they disliked the idea of giving the President power to dissolve Parliament without the consent of the Senate. Speaker after speaker insisted that the Cabinet must be under the control of Parliament, not Parliament under the control of the Cabinet. At the same time there was no lack of recognition of the troubled state of national affairs. Ultimately Edouard Herriot won the party's support for the "truce Cabinet" and for the proposed reforms, the actual text of which had not yet been made public. The only reservation affected the President's right of dissolution. Upon that point in Premier Doumergue's program a compromise had to be reached if the government was to continue.

Perhaps a formula could have been found if M. Doumergue had been more tactful, but on Nov. 3, after the Cabinet had approved his project for constitutional reform, he broadcast an appeal to the nation for support. In this he referred to "the incapable, rash and selfish people who have brought the country to the brink of ruin"—a remark which, the Radical

Socialists felt, was intended for them and which could hardly be forgiven. They then moved against the Premier by rejecting his plan for provisional credits. In this they had the sympathy of the Finance Minister, who was not a Radical Socialist, of the Bourse, and of many people who had been loyal believers in the Doumergue Ministry. It was this move that on Nov. 8 sent M. Doumergue into retirement.

The tenseness of political France reflected the uphappy state of French business. Industrial output is off in practically every category except steel and automobiles. The railway deficit, despite tax relief granted a year ago, will reach 3,900,000,000 francs for 1934—800,000,000 more than in the previous year. Foreign trade during the first three-quarters of 1934 fell 12 per cent below the total for the same period of 1933.

Unemployment has grown steadily. Although the nature of the French social system tends to hide its extent, 339,822 individuals were registered as idle in the week ended Oct. 2. This figure represents an increase of 46.6 per cent over the total for the same week of 1933. Moreover, unemployment has been rising in recent weeks —normally a season of greater employment. This economic distress, accompanied by high taxation and high living costs, is bearing unmercifully on the French shopkeeper, farmer, laborer and white-collar worker. Angry and resentful over his troubles, the Frenchman looks with jaundiced eyes upon a government which during the past year has been shown to be incompetent, perhaps corrupt, lax and inefficient.

THE FRENCH WAR MACHINE

Meanwhile France continues to live in fear of war. The War Ministry has asked an addition of 800,000,000 francs to the 1935 budget for military defense. While the purpose of this appropriation has not been divulged, it is presumed that the War Ministry wishes to expand the French military machine in order to keep pace with the growing military strength of Germany. The Minister of War on Oct. 5 issued a decree permitting the unlimited enlistment of professional soldiers during years when conscript classes are small. As France already has an army estimated at 600,000, the new decree should tend to increase considerably the number of French effectives.

The exact condition of the French military forces is open to question. Army manoeuvres last Summer showed that the reserves were not all they should be. In addition, the frontier fortresses are still not strong enough to please the general staff. Recently it has been urged that until forts are strung along the Belgian, as along the German frontier, France will not be safe from invasion, since Belgium has failed to fortify her eastern frontier as adequately or as rapidly as had been anticipated by the terms of an accord between the French general staff and the Belgian Government.

BELGIAN NATIONAL DEFENSE

The Belgian Cabinet during October survived one crisis after another. The worst threat to the de Broqueville Ministry arose early in the month over the question of national defense. Only a few days after the Minister of War, Albert Devèze, almost upset the government because of his refusal to accept a smaller army appropriation in the budget which the Cabinet was considering, he again endangered political stability by disagreeing with General Nuyten, the chief of the general staff.

The chief of staff had long been at

odds with M. Devèze; the final break came on a question of military strategy. The War Ministry, and this means the government, has been building a line of forts along the Belgian frontier which continues a similar line on the French border. In time of war, therefore, national defense would begin at the frontier. Early in October, however, General Nuyten publicly recommended a scheme of defense based on the line of the Meuse river and the forts at Liége and Namur. Such a plan would involve the immediate sacrifice of the provinces of Liége and Luxemburg. A secondary line of defense would rest on the forts of Antwerp and Ghent.

Following this address by the chief of staff, the Minister of War insisted that unless General Nuyten resigned he would. The partisans of the two men did nothing to calm the passions aroused, and for a short while the fate of the government seemed to hang in the balance. The Cabinet, however, was saved when General Nuyten on Oct. 12 was relieved of his post.

The problem of defense was still in the popular mind when King Leopold on Oct. 16 opened a section of the great King Albert Canal which will connect Liége and Antwerp. Naturally the chief purpose of the canal is commercial, but it will have considerable military value as a barrier against any foe attacking Belgium through Dutch territory.

King Leopold supported the government's plan for national defense in a speech on Oct. 28, in which he denounced those who had publicly criticized what should have been secret military plans and said that the problem of defense cannot be a matter of internal dispute. He also insisted that Belgians must be prepared to defend their frontiers in order that no province be inflicted with the horrors of invasion. The time for "polemics" over the system of national defense, the King continued, is past; the country has voted for the reinforcement of the national military organization, and this program "has been, is being and will be completely carried out."

This controversy about national defense temporarily overshadowed the budget problem. At the end of October it was announced that not only would the budget be balanced but there would be a small surplus. A deficit of 1,000,000,000 francs will be covered by a 5 per cent cut in the salaries of State employes, in State pensions and special allowances. Unemployment allowances will also be reduced 5 per cent. The Ministry of Education accepted a 100,000,000-franc cut in its appropriation, while the Ministry of War agreed to a 40,000,000-franc reduction.

Announcement of a balanced budget would, it was hoped, end the rumors of impending Belgian economic collapse. These rumors, none of them very specific, were partly responsible for the weakness of the belga in foreign exchange during October. In Belgium, as in other gold-bloc countries, there is a movement for currency devaluation and for abandonment of the gold standard. The de Broqueville Ministry, however, has refused to entertain such proposals, pinning its faith on recovery without financial manipulation. At present the foreign trade deficit is too small to menace Belgium's large gold reserves, and the Ministry contends that business will shortly show a definite turn for the better.

The Party Struggle in Austria

By Sidney B. Fay
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The official Austrian "Information Concerning the Origin and History of the July Revolt," popularly known as the Austrian Brown Book, was published early in October, but added little to the story of the attack on the Dollfuss government. Evidence brought together showed that German Nazis, especially Dr. Habicht in Munich, had long aided and encouraged the Austrian Nazis in their treasonable activities, and revealed the incredible negligence of the Austrian authorities themselves, especially of Major Fey and the Vienna police, in failing to take adequate defensive measures on the morning of July 25 in response to telephone warnings that trouble impended. The pamphlet, naturally, received some unfavorable and resentful comment in Germany, but caused less recrimination between the German and Austrian newspapers than might have been expected. This may have been due to the desire on both sides to lighten the task of Colonel von Papen, who took up his negotiations with the Schuschnigg government in Vienna about the time the Brown Book appeared.

No public announcement was made regarding Colonel von Papen's long and frequent talks with Herr von Berger-Waldenegg, the Austrian Foreign Minister. But apparently normal and friendly relations between the governments at Berlin and Vienna were to some degree restored. The German Club in Vienna, centre of the more discreet Nazi scheming, which was closed by the police on July 25, was reopened by order of the government. Austrian Nazis continued to refrain from any further outrages against Dr. Schuschnigg's authority. No doubt Hitler's followers in Germany, preoccupied with the Saar question, deemed it good policy not to stir up further Austrian irritation.

Furthermore, on Oct. 13 Colonel Adam, the Austrian Propaganda Minister, stated that Dr. Schuschnigg had been holding informal conferences with leaders of moderate sections of the forbidden Austrian Nazi party, had listened to their proposals, and had explained to them the conditions under which their collaboration in the Austrian Patriotic Front and in the new constitutional legislative bodies would be welcomed. Later it appeared that Dr. Rainthaler, newly appointed leader of the more moderate Austrian Nazis, had been their representative. The Chancellor told him that only if his German Nationalists joined the Patriotic Front as individuals and not as a body or organization would reconciliation and cooperation be possible; and that loyal support of an independent Austria on a corporative basis was essential. Dr. Rainthaler, on his part, insisted upon an immediate reconciliation between Germany and Austria and the adoption of a Germanophile policy in Vienna.

Whether these informal negotiations for burying the hatchet between the Austrian Nazis and the govern-

ment would result in an agreement was uncertain. Reciprocal lack of confidence made it doubtful. Apparently Dr. Rainthaler could not act definitely without Munich's consent, while the Chancellor adopted the late Dr. Dollfuss's view that Austrian internal politics should not be influenced from abroad.

Moreover, the Clerical groups opposed concessions to the Nazis because they think an agreement would be contrary to Austrian Catholic interests. It was a Clerical organ, the *Linzer Volksblatt,* that revealed the details of the negotiations, evidently with the object of torpedoing them. More strenuous opposition came from Prince Starhemberg, Vice Chancellor and leader of the Austrian Heimwehr, who was decorated on Oct. 19 by the King of Italy. For many months he had been strongly pro-Italian, distrusting Dr. Rainthaler and suspecting that if the Nazis should enter the Patriotic Front and the government they would continue to undermine the present régime. "We want a 100 per cent Fascist State," Prince Starhemberg declared; "we do not want a sham peace with the Nazis, who, once in the government, would do everything to overwhelm us and transform Austria into an entirely Nazi State." Should Dr. Schuschnigg tolerate Nazism in Austria under some camouflaged form, Starhemberg might attempt to overthrow the present coalition and replace it by a Heimwehr Fascist régime. But would the Vice Chancellor prove stronger than the Chancellor? That, presumably, was one of the things that Colonel von Papen was silently meditating.

The Nazi problem is one of the factors that endanger the truce established by Dollfuss between the Heimwehr (Home Defense) and the Sturmscharen (Catholic Storm Troops). While Starhemberg's Heimwehr are in favor of Italian fascism with its State supremacy in all branches of public life, Dr. Schuschnigg's Sturmscharen are primarily Clerical and Monarchist. The two groups are old rivals, and clash frequently. Their antagonism recently appeared when the Cabinet appointed members of the various chambers and corporations which came into existence under the new Constitution on Nov. 1.

Although the actual power of these newly established legislative bodies is practically nil (see CURRENT HISTORY for May, p. 233), representation was eagerly desired by the two rival groups. The original idea was that the members should be chosen irrespective of the candidates' former party affiliations, according to the Fascist ideal of "the right man in the right place." Prince Starhemberg claimed that his supporters were entitled to a majority of the seats in the new bodies because his Heimwehr had for so many years attacked the "rotten parliamentary system" and lost many lives defending Fascist Austria against Red and Brown aggression. Dr. Schuschnigg's Sturmscharen, numerically far inferior to the Heimwehr, nevertheless claimed similar merits and demanded that seats be distributed not according to the number of muskets but on the basis of the real importance and weight of the organization. They carried their point. Among the rather obscure functionaries actually appointed at the beginning of November a substantial majority were Clericals regarded as Schuschnigg supporters.

A considerable number of Socialists were released from Austrian prisons and concentration camps early in October. But according to a letter from one still in the concentration camp at Woellersdorf: "There are 350 Social-

ists here apart from nearly 5,000 Nazis. The food gets worse and less daily, and we are starving." Their pitiful plight was effectively set forth in *The Black Book of the Austrian Dictatorship,* presented to the League of Nations at its September session. Seventy Communists were arrested in Vienna on Oct. 24 and each sentenced to six months in jail for attempting to organize street demonstrations in workers' districts. Next day twenty Socialists were likewise arrested in connection with the discovery of a clandestine printing plant. Karl Winter, appointed Vice Mayor by Dr. Dollfuss in the hope that he might reconcile the workers to the present government by his public discussions of Socialist theory and practice, appeared to have failed in his efforts. He was bitterly attacked both by Clerical newspapers and by Heimwehr members. The latter declared: "When the former Socialist workers see that without joining governmental labor unions they cannot get jobs, they will join without the necessity of invoking semi-Socialist theories."

GERMANY'S CHURCH MILITANT

In attempting to suppress the independence of the regional Protestant churches of Wuerttemberg and Bavaria by removing Bishops Wurm and Meisser, the Nazi Evangelical Church officials stretched the bow too far. They raised discontent into open defiance and revolt. On Oct. 29 Dr. Jaeger, main driving force in the attempted coordination, was removed from all his ecclesiastical offices. The eighteen-month struggle between Reich Bishop Mueller and traditional German Protestantism had resulted in a victory for the latter.

After removing Bishop Theophil Wurm of Wuerttemberg from office and placing him under "house arrest," Dr. Jaeger proceeded on Oct. 11 against Bishop Hans Meisser of Bavaria. Nazi church officials broke into the offices of the Bavarian Church Council, held its members confined for three hours and forbade Bishop Meisser to leave his home. Next day thousands of Bavarian Protestants marched through the streets of Munich to Bishop Meisser's residence and demanded his release. When the Bishop attempted to address the crowd from a window he was dragged back out of sight by his Nazi guards.

From the Episcopal Palace the throng moved to the Brown House, the Nazi headquarters. There they spat on the ground and shouted their derision for the official church administration, the government and Chancellor Hitler. A manifesto denouncing Dr. Jaeger's action and declaring that "the torch of war has been flung into the House of God" was read before crowded congregations. In spite of these warning signals, Dr. Jaeger further increased Bavarian indignation by dividing the diocese into two districts, appointing one Nazi church commissioner for Franconia and another for old Bavaria. In carrying out these measures he was accompanied by members of the secret police in plain clothes. But the Bavarian pastors refused to recognize the authority of Dr. Jaeger's commissioners, held mass meetings in defiance and demanded the release and reinstatement of Bishop Meisser.

The determined opposition began to cause serious misgivings among Reich Bishop Mueller's own supporters. Dr. Engelke, recently appointed his deputy, resigned. Chancellor Hitler canceled an audience with the Reich Bishop. More serious was the demand by Dr. Walther Kinder, Reich

leader of the German Christians, that Dr. Jaeger should be dropped because of his persistent use of police in church affairs and his generally un-Christian acts. It was also claimed that Dr. Jaeger, a layman, was interested in bringing about the external unity of the church organization, not inner spiritual unity, and was in fact, by arbitrary methods and use of force, causing a deplorable split in both. It was suspected that Dr. Kinder by sacrificing Dr. Jaeger hoped to save the skin of the Reich Bishop, whose resignation the Opposition had been consistently demanding for several months.

But the Opposition Confessional Synod leaders refused to be misled by Dr. Kinder's apparently conciliatory gesture. They insisted that there could be no religious peace until Dr. Mueller himself resigned. Going further, at a meeting in the parish church of Dr. Martin Niemoeller, at Dahlem, Berlin, the National Free Synod declared that the pastors and laity whom it represented, constituting the great majority of the active church membership, had now created their own church in the form of a Brotherhood Council, which would take over the responsibility for governing the German Evangelical Church. "The unseemly absolutism of the Reich Bishop and his Civil Administrator [Dr. Jaeger] has created in the Evangelical Church an impossible papacy. The unscriptural introduction of the worldly leadership principle in the church and the demand for unqualified obedience based on that principle have made the officers of the church subject to the church régime instead of to Christ." Declaring that Dr. Mueller's Evangelical Church had obliterated itself by its illegal acts, the Free Synod claimed that it was now the true Evangelical Church, and called upon the government to recognize it. This formal statement of Oct. 20 signalized a definite schism among the Protestants and presented Hitler with one of the most difficult problems he has had to meet.

On Oct. 26 it was announced that Dr. Jaeger had resigned as Nazi Commissioner of the Protestant Church in Prussia. Three days later he was removed by Reich Bishop Mueller from all his ecclesiastical functions. The two church commissioners whom he had appointed in Bavaria faded away and Bishop Meisser resumed his position as unhampered Bishop of Bavaria. Bishop Wurm likewise took control again in Wuerttemberg. On Oct. 30 Chancellor Hitler received the two Bishops, together with their colleague, Bishop Marahren of Hanover, and listened to their side of the case. It was reported that the Chancellor agreed to withdraw his support from the Reich Bishop and the Nazi German Christian régime and to let events take their course so long as the Opposition pastors made no attempt on the State's political authority. This would legalize the existence of the Free Church as an independent denominational body.

The situation, however, was not wholly clarified. Dr. Mueller declared on Nov. 5: "If I were certain I could help my people by leaving, I would. But I am a National Socialist fighter." Whether, like Dr. Jaeger, he will be eventually ousted remains to be seen. But in any case the effort to coordinate the Bavarian and Wuerttemberg Churches into the Nazi Evangelical Church ignominiously failed, and the Opposition Pastors and their Free Synod remained in a much stronger position than before.

GERMAN TAX REVISION

Revised wage and income tax laws were announced at the end of Octo-

ber. Besides aiming to increase revenues, they were intended to promote marriages and larger families. The wage tax takes 75 pfennigs from unmarried men making 80 marks (about $32) a month, rises to 148 marks on those making 800 marks a month and still higher on larger wages. In general the tax on wages is considerably lower than that on incomes, but wages are taxed also for a variety of organizational payments and insurance premiums. Reductions are allowed for married men and on account of each child.

The income tax is levied on all incomes exceeding 560 marks a year, which includes even the lowest agricultural incomes. It starts at slightly less than 2 per cent and runs up to 50 per cent on incomes exceeding 75,000 marks a year. A single man with an income of 12,000 marks paid 1,609 marks income tax last year; in the coming year he will have to pay 2,560 marks. If married, he paid 1,428 marks last year and will pay 1,600 under the new law. There are, of course, exemptions on account of children.

GERMAN ECONOMIC CONDITIONS

Harvest estimates now show that Germany will have no serious shortage of food during the Winter. But costs have been steadily rising, owing to the government's policy of favoring the farmer and fixing agricultural prices for his benefit. While rye last August brought only 65 marks a ton wholesale in Amsterdam, the price in Germany was 159 marks. Wheat in Liverpool was listed at 69 marks, as compared with 199 in Germany. Pork at 12 marks per hundredweight in Chicago compared with 47 marks in the German home market. The price of Danish butter was less than one-third that fixed for German consumers.

The high cost of food products and the government's rigid rules against profiteering and price-raising have put retailers in a very difficult position. Some have shut up shop because they could not afford to do business. Fear of a scarcity of food and of still higher prices led to some hoarding. To deal with the problem Hitler appointed Dr. Hans Goerdeler as special commissar for the supervision of prices. Dr. Goerdeler was formerly food dictator under Chancellor Bruening.

During the Summer months the number of employed in Germany continued to rise slowly, reaching 15,620,000 at the end of September, as compared with 11,533,000 when Hitler assumed power. But Germany's inability to export enough to pay for her needed imports of raw materials began to cause factories to shorten the hours of work during the Fall months and threatened to increase unemployment during the Winter.

Switzerland was one of the first countries with which Dr. Schacht, in his inability to provide sufficient foreign exchange for full payment of German foreign obligations, arranged a "clearance" agreement. It came into force on Aug. 1 and has worked rather more satisfactorily than the somewhat similar agreements with several other countries.

The German-Netherlands clearance agreement, which became operative on Sept. 24 and was somewhat similar to the German-Swiss arrangement, has not worked so satisfactorily. Dutch shippers of fruit and vegetables to Germany have complained that they could not get prompt payment for their goods, and their exports have fallen very sharply.

Reaction Triumphs in Spain

By William E. Lingelbach
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Civil war broke out in Spain on Oct. 5. A general strike, coupled with open revolt against the national government, spread rapidly throughout the central and northern sections of the country, and for three days the fate of the republic hung in the balance. Fighting was most severe in Catalonia and Asturias. Hundreds were killed and thousands arrested, while damage to property mounted into the millions.

The immediate occasion for the uprising was the formation on Oct. 4 by Premier Lerroux of a Ministry composed entirely of representatives of the conservative groups, including three from the Catholic Popular Action. Convinced that this meant the ultimate overthrow of the republic and the political and social reforms enacted by the last Cortes, the elements of the Left rose in revolt. In Madrid they attempted to seize the government offices, but were soon defeated, the army and the civil guard remaining loyal. In Catalonia the situation was more dangerous, as the insurgents were already in control of the State government. Here the revolt had a dual character. It was political, looking toward separation and independence; and it was social and economic, looking toward the establishment of a socialistic republic after the fashion of Soviet Russia.

The social and economic phase of the movement was espoused by the Workers Alliance, a loose union of Socialists, peasants, Communists and in places the Anarcho-Syndicalists, brought together by Trotsky's agent, Andren Nin. The separatist movement was supported by Nos Altros Sols (We Alone) and the Estat Catala party, led by Dr. Joseph Dencas, who, in his capacity as Catalan Minister of the Interior, controlled the Catalan militia as well as the police of Barcelona. These divergent groups were in agreement on the one major issue only—the overthrow of the Madrid government.

Hard pressed by the Separatists and extreme Left elements, President Companys on Oct. 6 proclaimed Catalonia a free and independent republic. But the new State had hardly come into existence before it was crushed. Throwing the full force of the army, the civil guard and the fleet into the scales, the national government after a day of sanguinary fighting, in which the public buildings and insurgent headquarters were shelled, gained complete control of Barcelona. President Companys surrendered. With ex-Premier Azaña and more than 1,000 others he was transferred to a warship to await court-martial. In the Basque area and Asturias the resistance was more stubborn; the rugged, mountainous nature of the country made it more difficult to bring the full weight of the national forces into action. Effective use of the air forces, however, in bombing insurgent positions and in distributing news of the suppresson of the movement in other parts of Spain slowly broke the rebel resistance.

The complete collapse of the revolt

will doubtless eliminate the organized parties of the Left from the Cortes for some time to come, despite their having dominated the Constitutional Cortes for more than two years, drafted and secured the adoption of the Constitution, placed on the statute books the anti-clerical and land distribution laws and initiated a large secular educational program. But it was precisely these things and the division in their own ranks that proved their undoing.

The new Ministry—the eleventh since the republic was established—is in complete control of the situation; loyalty of the army and of the civil guard is seemingly stronger than before. In recognition of his success in dealing with the dangerous situation, Premier Lerroux was given a prolonged ovation by the parties of the Centre and the Right as he entered the Cortes on Oct. 9. The seats on the Left were, of course, empty.

The Socialist party has been almost destroyed by the revolt. Of its leaders, Francisco Largo Caballero is in prison, Andalecio Prieto escaped to France, while other prominent members of the party are being sought by the authorities. A decree for the dissolution of the party, drafted by Prime Minister Lerroux himself, is said to have been issued on the ground that the Socialists were largely responsible for the revolt and its tragic consequences. Only a handful of the fifty-eight Socialist Deputies, comprising the moderate wing led by Professor Besteiro, former President of the Cortes, and Fernando de los Rios, abstained from the program of violence and revolt. Everywhere throughout the nation Socialist municipal councilors and Provincial Governors have been replaced by supporters of the government.

Similarly Catalan and Basque home rule aspirations have received a setback from which they will be a long time recovering. The special rights and privileges guaranteed in the Catalan Statute have already been set aside. Their defenders and champions are under arrest awaiting trial by court-martial or by the Tribunal of Constitutional Guarantees. Acting on the report of the Minister of Marine on conditions in Barcelona after the revolt, Premier Lerroux announced that the Madrid government would henceforth take charge of the police, the maintenance of public order, the courts and the right of taxation, and that the Catalan Statute would be subjected to thorough revision.

When new elections are held in the near future it is expected that the Catalan Lliga (Right party), which had 45 per cent of the Deputies in the Generalitat, will increase the number of its Deputies materially, thus giving to the State Government at Barcelona the same complexion as the national government. Even if the Esquerra party is permitted to put up candidates it has so discredited itself by its part in the insurrection that it can scarcely expect support. Besides, Gil Robles has been busy organizing a branch of Catholic Popular Action in Barcelona with the distinct purpose not only of combating both the Separatist and Socialist elements but of building up his conservative political organization in what has hitherto been a radical stronghold.

That the failure of the revolt has greatly strengthened the national government in Madrid is evident; a strong feeling of confidence prevails in conservative ranks. The danger lies in too complete victory, for the deeper causes that underlie the revolt still exist and their removal calls for wise and tolerant statesmanship. No government victory by armed force will

correct the grinding poverty of the mining population of Asturias or remove the causes of discontent among the landless peasants and the poorly paid industrial proletariat of Barcelona, Madrid and other cities. If, however, the veteran Prime Minister, Alejandro Lerroux, can hold the conservative Cortes to moderation and to the reform of economic and social abuses, much will have been gained by his triumph over the extreme Left. A favorable sign is the moderation with which punishment has been meted out to the participants in the uprising. Instead of hastening the military and court-martial sentences the government has called a halt, announcing that in important cases the sentences will be subject to revision by the Court of Constitutional Guarantees, a policy strongly supported by President Zamora.

Meanwhile, reports from Barcelona tell of sweeping reforms in the corrupt municipal government of the Catalan capital. A commission form of government has been set up under Carles Pi i Sunyer, the newly elected Mayor. Severe retrenchment in expenditures has been inaugurated and the heavy budgetary allowances of more than $34,000,000—larger than for all Catalonia combined—are being cut in all directions. The new Mayor was financial adviser to the Azaña Cabinet in the first days of the republic and then Financial Secretary of the Catalan Government. Last year he went to Madrid as member of the Coalition Cabinet, to return later to Barcelona as Prime Minister of the State government.

LABOR IN FASCIST ITALY

Italy during October inaugurated the most far-reaching program for the solution of industrial unemployment known to any country. Outlining the plan in a speech at Milan, Premier Mussolini announced that the Fascist government proposed to secure a much greater degree of social justice for the Italian people as a whole. By that was meant, he said, not merely the raising of the standard of living, but the bringing of the workers into closer contact with the productive processes of the national economy. Science, he declared, must now devote itself to the problem of a better distribution of wealth in order to eliminate the unreasonable phenomenon of poverty in the midst of plenty. Fascism would direct its attention in the immediate future to solving this problem without destroying the productive power of capital. Mussolini has made it plain that whatever demands the program may make upon capital there is no intention to socialize the means of production or to impose a capital levy. On the other hand, he has given his full support to the program developed by the National Confederation of Fascist Industrial Syndicates, which proceeds on the assumption that industry will have to absorb the unemployed of Italy, regardless of the profit factor.

The main points of the program are: Rotation of labor, skilled and unskilled, in two or more shifts in the working day; reduction of the working hours below the present forty-eight-hour week, with due consideration for local conditions and seasonal demands; abolition of overtime and holiday work, except in special cases of necessity; regulation and better distribution of piece work to prevent industries from producing above a specified maximum; scientific control and improvement of machine labor to lessen the burden upon the wage-earners; control and supervision of rationalization in factories to avoid reducing wages and hours of work

and to safeguard the health of the population. To these points must be added a number of measures already in operation, like compulsory insurance of workers, the adoption of the labor passport, an extensive national and local public works program, official employment agencies and improved facilities for internal migration of labor.

Industry's reaction to this proposed "New Deal" was for a time in doubt. After a conference in Rome, on Oct. 15-16, of over 2,500 officials of the Confederation of Fascist Industrial Employers, Alberto Pirelli, the director general of the confederation, announced that he was empowered to pledge the full and unqualified support of the Confederation of Employers to its execution. Since the confederation represents 147,000 industrial concerns, employing over 2,400,000 workmen, the program will be tested on a large scale. The agreement between capital and labor ends a dispute which has for some time threatened to develop into a class struggle of formidable proportions.

The twelfth anniversary of the March on Rome was celebrated on Oct. 27. As in previous years the anniversary was marked by Fascist military display, athletic contests, mass meetings, speeches, the inauguration of many new public works and the completion of others. In Rome the new Avenue of the Circus Maximus was dedicated. The Fascist exposition, which has been open for two years and visited by hundreds of thousands of people, was closed, the collection to be installed permanently in the Littorio Palace which is to be erected on the Via Imperiale. In other parts of Italy similar work went on. At Naples the newly electrified State railroad to Solerno was opened, a new municipal palace dedicated, a program initiated for the rebuilding of a large slum area and the building of a huge dry dock to accommodate the biggest Atlantic liners. At Venice five schools and a new bridge over the Grand Canal were dedicated. At Bologna, besides a new central power station at Suviana and a large reclamation project, new public office buildings, public schools and several new university buildings are in process of construction.

During October preparations were made for the inauguration of the Corporative State, which, with its twenty-two confederations, was soon to swing into operation for the purpose of coordinating the entire economic life of the nation and placing its productive activities on a sound scientific basis. Above the corporations will be the National Council of Corporations and above it the Ministry of Corporations under Mussolini himself. How completely the National Council of Corporations will replace the present Chamber of Deputies remains to be seen.

Trade reports for the first nine months of 1934 show an adverse balance of 1,830,819,000 lire, as against 1,066,944,000 for the period of 1933. Financial circles are perturbed by the heavy losses in gold reported by the Bank of Italy. With the decline in foreign trade, decreased revenue from tourists and remittances from Italians abroad, Italy's international credit is seriously impaired. The estimated deficit in the trade balance of about 3,000,000,000 lire is nearly double what it was a year ago. Unemployment, according to the Ministry of Labor, stood at 887,345 on Sept. 30, showing an increase of 20,715 for the month, but 20,138 less than on the corresponding date in 1933.

Yugoslavia's New Rulers

By FREDERIC A. OGG
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THE Yugoslav destroyer Dubrovnik, escorted by French naval vessels from Toulon, sailed into the picturesque harbor of Marseilles on the afternoon of Oct. 9, bearing King Alexander of Yugoslavia. He was bound on an official visit to France. Yugoslavia is a valued French ally; King Alexander was held in perhaps higher esteem by the French than any recent European monarch except the late King Albert of Belgium; and the visit was to be made the occasion for attempting a reconciliation of Yugoslavia and Italy and with it a Franco-Italo-Yugoslav understanding.

Suddenly, as a motor car carrying the King and the French Foreign Minister, Louis Barthou, passed the Marseilles Bourse, a bystander rushed from the crowd, shouted *"Vive le Roi,"* and, while police momentarily hesitated, leaped upon the running-board and fired upon the King, who died almost instantly. M. Barthou also received injuries from which he died two hours afterward. Two other persons who happened to be in the line of fire were slain, and eight more were wounded. The efforts of the assassin to shoot himself were frustrated by the police, but the infuriated populace quickly did away with him.

A forged passport was found upon the assassin, but no other marks of identification. The name under which he had entered France a few days previously was Petrus Kalemen, and it was generally believed that he was a Croatian from Zagreb.

The Marseilles tragedy, recalling so vividly the Sarajevo murder of 1914, caused Europe to shudder. Would the dissatisfied Croatians rise in rebellion, plunging the dead King's country into civil war? In that event, would the other powers (particularly Italy) seize the opportunity to advance their political and territorial interests? Here seemed to be the elements for a new European war. But the immediate aftermath was reassuring. Precautions were taken to discourage anti-Italian outbreaks, and, contrary to earlier reports, it was unnecessary to place the country under martial law. For the time being at least, political strife in Yugoslavia was halted.

Even before the King's body was taken to Belgrade, arrangements had to be made for carrying on the government. According to the national Constitution, the heir to the throne was the oldest of the King's three sons, a boy of 11, who, at the time, was at school in England. On Oct. 11 he was proclaimed King under the name of Peter II. A regency was, of course, necessary. By constitutional provision the sovereign can name three regents, either by direct appointment or in his will.

Fortunately, King Alexander had made a will; this testament, when opened, revealed his three choices. As generally expected, one appointee proved to be Prince Paul Karageorgevich, cousin and intimate friend of Alexander. The others were Dr. Rodenko Stankovich, a distinguished

Serbian scholar, a Doctor of Medicine attached to Belgrade University, and formerly Minister of Education, and Dr. Perovich, a Croat, and Governor of the Banat of Sava. Three alternates were named: General Tomich, Senator Banjanin, a Serb from Croatia, and M. Zec, a high Slovene administrative official.

Although this group represents considerable capacity and wisdom, its conduct of the affairs of a divided country will not be easy. Prince Paul, clearly marked out for the primacy, was the centre of interest. No one seemed to know whether his previous abstention from politics was due to his own lack of interest or to Alexander's wishes. At all events, the fatal flaw of all dictatorships was plainly in evidence. The strong man was gone, leaving no one of really marked personality to take his place.

The comic opera picture of Balkan kings, if ever true, was certainly not so in the case of King Alexander. He was an earnest, hard-working man, with a towering mission—the pacification and genuine unification of a country suffering from chronic factional strife. In November, 1918, when King Peter, his father, relinquished his powers, Alexander became Prince Regent. Peter died in 1921, and Alexander became King. For a decade he labored to establish harmony in his distracted country, while yet preserving post-war democratic reforms. Baffled by irrepressible factionalism, he at length decided to try other means.

Alexander in January, 1929, declared himself dictator and abolished Parliament. All new legislation became a matter of royal ukase, political parties were suppressed, and the ancient provinces replaced by nine "banats" and the "district" of Belgrade. In other words, the loosely knit and semi-democratic State of Greater Serbia was remade into the centralized monarchy now known as Yugoslavia. A new Constitution put into effect by royal decree in 1931 did not greatly alter the situation. Parliament, to be sure, was restored, but with only a semblance of power.

There is no reason to believe that the King relished dictatorship simply for the power that it brought him, and it may fairly be said that he ruled with as much moderation and humanity as he could. If his efforts met with less success in domestic than in foreign affairs, the reason is to be found in inherent difficulties which had even more completely baffled the instrumentalities of parliamentary democracy. The crux of the problem was, of course, the persistent demand of the Croatians for autonomy, or even full independence—though fear of Italy restrained all but extremists from going to the latter length. Of late the Croatian people as a whole seem to have grown a little weary of a fruitless conflict.

Though Alexander was warned time and again that his effort to impose national unity by fiat from above was doomed to fail, and that he must grant autonomy to Croats, Slovenes and other groups with a view to achieving unity more slowly from below, he could never be persuaded that he was not on the right track. He believed that the Croatian question was settled and must never be reopened. Well enough he knew that the title of Liberator with which he was hailed by his people at the close of the World War had been superseded in many quarters by that of Tyrant. But confidence in the eventual success of his policy remained unshaken. Danger of war with Italy, combined with the well-known hopes of Austro-Hungarian monarchists that the Yugoslav

monarchy would fall to pieces, demanded attainment of complete national unity by the quickest possible methods.

In accordance with the wishes of Prince Paul the Uzonovich Cabinet resigned on Oct. 20, two days after the King's funeral. The Prince believed that the crisis called for a Cabinet of "national concentration" which would include the Slovene leader, Father Koroschetz, some supporters of the Croat leader, Vladimir Machek, and, if possible, some politicians who have been in the background since the establishment of the dictatorship. A conference between the Regency Council and the presidents of the Senate and Chamber led, however, to a decision that for the present no important changes should be contemplated, either in Cabinet personnel or in policy.

M. Uzonovich therefore was invited to form a new government, and on Oct. 23 he secured the Regents' approval for his list. Perhaps the most significant change was the appointment of General Pera Zhivkovich, who had stood high in King Alexander's confidence, to the Ministry of War, apparently with a view to enhancing the Cabinet's prestige. Further evidence that there was to be no departure from the late King's policies was supplied by the inclusion of two ex-Premiers and ardent supporters of the present régime, Milan Srskich and Voyislav Marinkovich, as Ministers without portfolio. On the other hand, it should be recorded that Father Koroschetz and other Opposition leaders were offered posts but refused them. Premier Uzonovich outlined the new Cabinet's program in Parliament on Oct. 26 and pledged continuance of former domestic and foreign policies.

That the next few months would be a critical period in Yugoslav politics was understood by every one. The empty shell of the royal dictatorship remained. But could the substance be preserved, with no strong figure immediately in sight? Would the new régime long attempt to maintain the iron-hand rule of the past five years, or would it permit a swing back toward parliamentary and democratic government? Would the momentary consolidation of feeling and opinion produced by the national grief prove the starting point for genuine reconciliation, or would it presently give way to keener and fiercer rivalries and enmities?

Meanwhile, vigorous investigations carried on by Yugoslav authorities and by the police of many other lands resulted in numerous arrests, without bringing to light the extent to which the assassinations were the outcome of definite conspiracy or plot. On Nov. 2, however, it was reported that the Yugoslav Government was satisfied that the crime was planned and executed by a Croatian terrorist organization headed by a certain Ante Pavelich, working in conjunction with Ivan Mihailov's Macedonian revolutionary society, and supported by former Austro-Hungarian imperial officers belonging to Habsburg monarchist circles. The government was reported, further, as bent upon bringing the matter before the League with a view to preventing the extension of political asylum to adherents of terrorist organizations.

HUNGARY AND THE HABSBURGS

In the opinion of increasing numbers of Europeans every day brings nearer the inevitable restoration of the Habsburgs, probably first in Austria, but eventually in Hungary as well. Matters have gone so far in Vienna that negotiations have been started for the restoration of the val-

uable Habsburg properties confiscated by the State at the time of the revolution. Meanwhile, Archduke Otto has for the first time publicly announced his intention to return to Austrian soil, "without bitterness," as soon as the frontiers are opened to him.

At Budapest a correspondent of *The New York Times* had an interview on Oct. 25 with Count Anton Sigray, recently designated by Otto as leader of the entire Legitimist movement. Count Sigray declared that the Archduke would be restored—at least in Austria—within six, or at the most twelve, months. The restoration in both Austria and Hungary, he said, would come by invitation of the people and not by a putsch or coup. It would not mean abandonment of any of Hungary's claims for revision of the peace treaties. Moreover, the Count insisted that a restoration would meet with far less opposition from the Little Entente and other States than is commonly supposed, and that restoration in Austria would not jeopardize Otto's chances in Hungary. Otto's rule, it was pointed out, would be constitutional and liberal, not reactionary, despite strong clerical influence in his upbringing.

RUMANIAN CABINET CRISIS

For the eleventh time since King Carol mounted the throne four years ago a Rumanian Cabinet on Oct. 1 resigned. Several factors contributed to this latest crisis, but it arose mainly out of another of the numerous clashes that have taken place between King Carol and the Liberal Premier, Tatarescu, on the one hand, and Foreign Minister Titulescu, on the other. Disliking the Foreign Minister's pro-French policy, the King has steadily encouraged Premier Tatarescu to play a rôle in foreign affairs that would overshadow that of Titulescu. Tatarescu has even paid official visits to foreign countries on his own initiative, greatly to Titulescu's dissatisfaction. Suddenly, on Oct. 1, the Foreign Minister, with ill health as an excuse, wired his resignation from Switzerland, where he had been representing Rumania at Geneva. When he refused to withdraw it, Tatarescu tendered the Cabinet's resignation.

The crisis, however, was soon ended. King Carol immediately asked Tatarescu to form another government, which he forthwith did on Oct. 2. Except that Tatarescu himself temporarily took the portfolio of Foreign Affairs, there were no significant changes, and even this arrangement was meant merely to pave the way for Titulescu's eventual return to his former post. But Titulescu, although urgently requested to return to Bucharest for conferences, did so only in his own good time, and did not arrive until Oct. 8. In a two-hour discussion with the King and the Premier at Sinaia next day Titulescu is understood to have made it clear that if he resumed his portfolio he must be given a free hand. Apparently satisfied, he accepted reappointment and before the day was over the Premier and the Foreign Minister were back in Bucharest convoking their colleagues to discuss the possible consequences of the assassination of the Yugoslav King.

BULGARIAN AFFAIRS

The dictatorial government of Bulgaria has attracted considerable attention by its measures for national recovery and social discipline. Decrees issued during the first week of October cut peasant debts 40 per cent, debts of artisans 30 per cent, and those of merchants 20 per cent. In addition, agriculturists were conceded a two-year moratorium for all pay-

ments; artisans and merchants, moratoria for briefer periods. Creditors, however, are not to suffer from the measures, for the State assumes most of the losses through what is known as the Liquidation Fund, money for which is to be obtained from supplementary income and occupational taxes.

At the end of October it was reported that the Turkish authorities had yielded to the demands of Bulgaria and Yugoslavia and arrested Ivan Mihailov, chief of the I.M.R.O, who, to escape the clean-up campaign of the Georguiev government, sought and found refuge in Turkey after Italy had refused to receive him. Two other I.M.R.O. leaders, Nastev and Drangov, arrested in Jambol, were taken to Sofia on Oct. 28 for trial.

GREEK PRESIDENT RE-ELECTED

Alexander Zaimis was re-elected President of Greece for a five-year term at a joint session of the Senate and Chamber of Deputies on Oct. 19. This ended a tense period in Greek politics. For months the Tsaldaris government had been bending every effort toward frustrating the candidacy of the veteran Venizelos, who was backed by the Opposition forces. It offered even to abandon a new electoral law gerrymandering a number of electoral districts in the government's favor if the Venizelists would throw their support to Zaimis. The proposal was not accepted, but eventually the President's re-election was carried by the votes of seventeen Senators obtained by a compromise under which the new law is to be withdrawn and replaced with another framed so as to satisfy all parties. During the campaign M. Venizelos roundly condemned the existing Presidential system, urged larger Presidential powers, and in particular advocated a constitutional amendment giving the Chief Executive an absolute veto on all measures not passed by a two-thirds majority of the Senate and Chamber in joint session.

PRESIDENTIAL RULE IN POLAND

On the reassembling of the Polish Sejm, early in November, the government's extraordinary power to issue decrees with the force of law expired. But numerous Presidential decrees were promulgated at the end of October to forestall this loss of extraordinary power. Most of these related to economic matters. For example, peasants are enabled to convert short-term indebtedness into 4½ per cent fifty-year bonds, which a creditor is obliged to accept at par. Others had to do with military affairs. Under this category, auxiliary military service was prescribed for all citizens of both sexes between the ages of 17 and 60. A second imposed on every citizen the duty to deliver all goods, implements or property required by the government in case of war, and in effect empowered the government to require all economic enterprises to be conducted in such fashion as to be of maximum use for wartime purposes. And a third, of particular severity, supplemented the existing penal code in regard to the prosecution and punishment of spies. So sweeping is the punishment decreed for the furnishing of information to an actual or potential enemy, even in peacetime, that it is difficult to see how even a government-controlled press can avoid getting into trouble.

Scandinavia Looks to Britain

By RALPH THOMPSON

NOT the least significant diplomatic development of the past few years is the growing favor with which Great Britain is regarded in Northern Europe. Trade treaties recently negotiated are but one evidence of the rapprochement. During the Summer Latvia and Estonia adopted English as the only foreign language to be taught in elementary schools and the principal foreign language in secondary schools. The Prince of Wales and Prince George toured Sweden late in 1932, an event still remembered in Stockholm. On Oct. 21 Anthony Eden, Lord Privy Seal, completed a brief informal visit to Norway, Sweden and Denmark.

Germany at one time was the country to which, both commercially and intellectually, Northern Europe found itself tied. During the World War Conservative sympathy in Sweden, at least, was wholly with Germany. But times have changed. The German dictatorship, the bloody purge of June 30, the coercion of Lutheranism, the cavalier fashion in which Hitlerism has handled foreign feelings and finances—all have combined to break down a long-standing relationship. In its place has come closer contact with Great Britain.

An envoy from one democratic monarchy to three others, Captain Eden landed in Denmark on Oct. 12, proceeding after a few days to Sweden and then to Norway. In each country he conferred with government officials and with the reigning monarchs. Nominally, at least, the tour was one of good-will and involved neither commercial nor political matters. It would be ingenuous to suppose, however, that it was completely without commercial or political effect. Curiously enough, a few days after Mr. Eden left Stockholm, Franz von Papen, German Minister to Vienna, arrived in Sweden for a week's "hunting expedition."

ELECTIONS IN SWEDEN

The annual voting for Sweden's provincial assemblies took place in mid-September. The result was a sweeping endorsement of Premier Hansson's Social-Democratic methods, especially his use of public funds to alleviate the effects of the depression. Social Democrats gained 34 seats, the Agrarian party 30, the two Communist factions a total of 15. Severe setbacks were administered to the Conservatives, who lost 54 seats, and the Liberal People's party, which lost 21. The National-Socialist party failed to obtain a single seat.

In Parliament the Social Democrats are in the minority, governing with the cooperation of the Agrarians and certain Liberal People's party factions. The September elections, however, will not greatly improve their position unless the government decides to dissolve the Upper House, which is elected by the provincial assemblies. In that case the make-up of the new Upper House would reflect the recent gains at the polls. Otherwise, only one-eighth of the Upper House will be changed in accordance with the new mandate of the people. General elections for the Lower House are not scheduled until 1936.

Municipal elections held in Göteborg, Sweden's second largest city, in October show an even greater trend to extremes. Social Democrats and Conservatives alike lost a number of seats, while the Third International Communists, the Independent Communists and the National Socialists gained. That Sweden's major party, the Social Democrats, fear communism more than fascism was shown when on Oct. 24 the party Executive Committee rejected cooperation in any form with the Communist International or its sections.

DICTATORSHIP IN ESTONIA

In the name of democracy the Estonian Cabinet headed by Acting President Paets has made what seems to be yet another move against representative government. On Oct. 2 the Diet was called into session. But the tone of the gathering was hostile and an Opposition Speaker was forced upon the government. After a few hours' debate, the Legislature was prorogued. Thus Estonia remains under the dictatorship set up in March when the government, convinced that Fascist groups were about to seize power, declared martial law and arrested more than 400 followers of General Larka, hero of the country's war for independence. The Cabinet has been assembling evidence to present at the trial of the so-called conspirators scheduled for January.

The Soviet Electoral Campaign

By EDGAR S. FURNISS
Dean of the Graduate School, Yale University

THE Soviet Union is in the midst of an electoral campaign preparatory to the selection of delegates to the biennial parliament—the All-Union Congress of Soviets—which convenes in Moscow on Jan. 15. When that body assembles it will consist of nearly 2,000 members representing about 90,000,000 qualified voters. Of primary electoral districts—local soviets—there are no fewer than 65,000. These enormous figures, as well as the complexities of geography, race and culture, indicate the magnitude of the problem of self-government with which the Soviet electoral machinery has to deal.

The problem is further complicated by the process of indirect election by which the representatives are chosen. First come the elections to the local soviets which choose delegates to the district congresses; these in turn elect to the regional congresses, and these choose the representatives who make up the All-Union Congress. Candidates for office in the lowest units of this system, for whom alone the general electorate casts its vote, are nominated by the local Communist party organizations. No organized opposition parties are permitted to exist either to nominate candidates or to engage in the electoral campaign, though individual citizens may propose rival candidates, who are duly presented to the electorate on voting day. The voting is by show of hands in open meetings held by the local soviets in the workshops and villages or on the farms. Thus the Soviet citizen exercises his right of self-govern-

ment, the outcome usually being the election of the Communist candidates. The proportion of non-Communists elected in the subsequent stages—to the district congresses, to the regional congresses and finally to the All-Union Congress—declines for obvious reasons to the vanishing point.

This procedure, quite openly designed to give the people the semblance of democracy while insuring complete political control by the Communist party, is often derided as farcical. Nevertheless, the system contains certain valuable elements. The people may not enjoy the right of self-government as it is understood in modern democracies, but the biennial elections do enable public opinion to make itself felt. The electoral campaigns now in full swing in the local districts throughout the Union place the local officials on trial before their constituencies. Since the citizens are encouraged to subject the office-holders to searching criticism, the local soviet, controlled though it is by a political dictatorship, is obliged every two years to give an account of its conduct to the people at large, and the resulting discussion is valuable both to them and to the government. In the present campaign the central authorities are attempting to evoke an unusually vigorous and independent criticism of the local soviets so that it may help to guide national policy during the next two years.

The elections this year provide additional evidence of the liberalization of the Soviet dictatorship, of which mention was made in these pages last month. The government, in issuing instructions for the elections, has conferred citizenship on millions of formerly disfranchised subjects. A decree of Sept. 30 greatly ameliorated the condition of the kulaks. The ruthless suppression two years ago of this, the largest single outcast group in the Union, involved among the penalties loss of citizenship, not only for its adult members, but also for their children. This meant much more than loss of the right to vote. It deprived the children of the possibility of higher education, of association in the many cultural and amusement activities of the Russian youth and, in short, of almost all the social relationships that make life bearable. Both old and young were thrust outside the system of food ration and social insurance set up for the economic security of Soviet citizens. The new decree immediately restores these advantages to all children of kulaks, "provided they are engaged in socially useful labor." The adults may be refranchised after five years of useful labor, a period of probation which may be shortened to three years or even waived entirely at the discretion of the local officials. By this decree nearly 10,000,000 voters, chiefly younger members of kulak families, have been, it is estimated, added to the electorate and admitted to the other privileges of citizenship.

This new policy was carried further by the instructions which President Kalinin on Oct. 5 sent to the electoral officials in Russia proper, the largest unit within the Union. The franchise is restored to many former outcast groups in addition to the kulaks—the landlords of the old régime, the former bourgeoisie, officials of the Czarist police, the priests—"provided they have performed five years of socially useful labor." Even officers and soldiers of the White armies are brought within the pale of social approval, provided that they have served actively in the Red Army.

The decrees of Sept. 30 and Oct. 5 taken together constitute an act of emancipation for practically all the

formerly unprivileged youth of the nation and a definite promise of eventual social rehabilitation for all the adults. As in the other policies of liberalization discussed last month, we see here indications of a feeling of political security and a belief in the success of the Soviet economic program.

RUSSIA'S ECONOMIC GAINS

Soviet economic affairs during the month have continued to be favorable. On Oct. 24 the government announced that the grain collection program for the year was 98 per cent fulfilled. In the North Caucasus, one of the sections most seriously affected by drought, the entire program was completed two months earlier than last year, deliveries to the governmental agencies amounting to about 3,000,000 bushels more than in 1933. These figures are interesting in that they give some information regarding the quantities of cereal grains involved in the program, a question on which the Soviet Government has had little to say for some time past. The figures are still inadequate since they are in terms of comparison with those of last year about which the world has never been informed. However, we do know that enough grain was collected by the government to carry the people of the cities and the army through the year without serious undernourishment. And according to the statement of Oct. 24 the Soviet authorities then had on hand 60,000,000 bushels more than the entire collection in 1933.

The "collection" program, it should be remembered, involves the forced sale of specific quantities of grain by the farmers at a price fixed by the government. The official price this year is one ruble per poud (approximately thirty-six pounds), which is between one-twentieth and one-thirtieth of the prices in the open market, so that the government obt a vast supply of cereals at small and is able to export the surplus a the needs of the army and the u population have been met. In addi to the deliveries under the "co tion" program, the farmers are i ed to sell their grain to the coop tive societies at a price somev higher than that fixed for obliga sales, but still well below the c market price. Here the inducemer that the farmer may use half the ceeds to buy at moderate prices badly needed consumption g which the cooperative stores alone able to supply in the villages. statement published on Oct. 24 sh that much grain has been acquire the government in this way.

Soviet industrial development also continued the favorable tre noted in previous months. Compo figures for heavy industry cove the first eight months of 1934 s the program 65 per cent fulfille against 57 per cent of the plan 1933 at the same time a year During these eight months new en prises valued at 22,000,000,000 ru were put in operation. Some ind tion of the social effects of this velopment is provided by the ce of industrial workers. The numbe wage-earners in the country has creased from 11,500,000 in 1928 21,800,000 in 1933 and 23,500,000 year. This shifting of population f the farms to the city constitute change from a rural to an indust economy on a scale never before nessed in the history of any coun It also points to what is perhaps chief obstacle encountered by the viet planned economy—namely, inefficiency due to ignorance of m ern factory methods. The result high production costs, low proc tivity per worker, inferior quality

product—in short, inability to make the gigantic brand-new industries work. The Soviet authorities believe they are making progress in grappling with this problem. Thus the industrial census for the first eight months of 1934 records that production costs have been reduced 5 per cent and output per worker increased 12 per cent as compared with 1933.

But the problem of inferior quality remains troublesome. The Soviet authorities with their usual flair for the dramatic brought this fact home to the people by staging in October an elaborate public trial of a pair of Russian-made galoshes on the charge of being unfit for human use. The shortcomings of the "prisoner" were exposed to a jury with all the ceremonial of court procedure; a verdict of guilty was returned; and the galosh trust was sentenced to reform its ways. Mere buffoonery as such a performance may seem, it was meant in all seriousness and its outcome is a warning to all factory managers that severe penalties are in store for them if they fail to meet high standards of quality.

Figures for Soviet foreign trade for the first seven months of 1934 show a decline of 27 per cent as compared with the corresponding period in 1933. Exports are down a little but imports have fallen by over 40 per cent. The favorable balance has risen from 41,000,000 rubles during the first seven months of 1933 to 93,000,000 in 1934. The decline of Soviet purchases abroad and the increase of the favorable balance are both significant. The principal exports were petroleum, lumber, furs, flax, hemp and textiles. The menace of Russian competition in the world's food markets and the often-voiced fear that the Soviet subsidized factories will disrupt other countries' trade in finished products have not yet materialized.

The following figures, stated in millions of rubles and covering the first seven months of the two years 1934 and 1933, are presented as throwing light on a question of importance to the United States, namely, the relative trade activity of the Soviet Union with certain principal nations:

TRADE WITH THE SOVIET UNION

	Imports From Russia		Exports To Russia	
	1934	1933	1934	1933
Great Britain	41.3	37.5	24.7	21.0
Germany	41.0	54.1	18.8	112.5
France	14.5	14.0	6.3	3.5
Holland	13.5	12.0	7.8	2.1
The United States	7.0	7.3	11.4	6.6

This table discloses the following significant facts: (1) Germany has in the course of the year lost nearly 80 per cent of her export trade to Russia; (2) unfriendly feelings between the governments do not prevent Great Britain from leading these nations in sales to the Soviet Union; (3) the Soviet trade of the United States is of insignificant proportions and has not been substantially increased by recognition of the Soviet Government.

The dependence of Soviet buying upon liberal credits is emphasized by the ranking of these nations in Russia's trade relations. Those countries which are willing to provide credits get the trade. As regards the United States, this question has been hanging fire since recognition, having become ensnarled with the more vexing and still unsolved problem of the Soviet debts to the United States. Ambassador Troyanovsky recently left on a visit to Moscow carrying with him, it is said, a definite proposal from the United States Government which he hopes to have approved by the Kremlin as a preliminary to the granting of liberal trade credits.

Egypt Weathers a Crisis

By Robert L. Baker

THE political crisis that has arisen in Egypt is in large part due to King Fuad's prolonged illness. Fuad, who has been virtually a dictator since he seized control in 1930, was able to keep a firm grip on affairs so long as his health remained good. But since January he has been ill, and for long periods he has been unable to confer personally with the members of his subservient Cabinet.

Because of the secrecy maintained by the Royal Household regarding Fuad's condition, doubts arose early in October as to whether the instructions issued from the Palace really came from him or from Mohammed Pasha El Ibrashi, Controller of the Royal Estates. Ibrashi, who is known to have meddled in politics for several years, is disliked by both the Egyptian public and the British Residency. By his management of the Royal Estates he has raised Fuad from a comparatively poor Prince at the time of his accession to a very rich monarch. But Ibrashi has been regarded as being concerned solely with the King's interests and not with those of the country. The British Government was anxious to deal with responsible spokesmen for Egypt because the Egyptian foreign debt question was demanding settlement. But the outstanding question was whether the country was being ruled by irresponsibles.

By mid-October the agitation in the press became so great that Yehia Pasha, the puppet Prime Minister, asked the British Acting High Commissioner, Mr. Peterson, for advice. One of Mr. Peterson's suggestions was that the office of Chief of the Royal Cabinet should be revived so that there should be a responsible liaison agent between the King and the Cabinet and between the King and the Residency. Another was that two Ministers whose integrity had been attacked in the press should be asked to resign. Both suggestions were unpalatable to Yehia, though he seems to have offered several eligible men the post of Chief of the Royal Cabinet only to find that they refused to consider the appointment unless Ibrashi Pasha were withdrawn, at least temporarily, from the Palace. As for the second suggestion, the Ministers involved were in the same camp as the powerful Ibrashi.

Yehia Pasha then accused the British Residency of "interfering" and of trying to alter the law of succession, and appealed to the patriotism of the country against British "aggression." His effort to rally support to his unpopular Cabinet failed, and his charges were promptly discounted by most of the Arab press, which continued its attacks on Palace influence, on Ibrashi, on the Cabinet and on the Ministers involved in the scandal.

Relations between Yehia and the Residency became strained despite the necessity of close cooperation on the debt problem. On Oct. 28 the Premier's position was so weak that he found it necessary to retreat. The office of Chief of the Royal Cabinet was revived and the post was accepted by

former Premier Ziwar Pasha. Because of his advanced age it was not thought that he would be able to restrain Ibrashi's influence, but the appointment was considered a step in the right direction.

Yehia, at last finding his position untenable, resigned on Nov. 6. The next day Ziwar Pasha, on behalf of King Fuad, asked Tewfik Nissim Pasha to form a Cabinet, but listed certain conditions. Tewfik accepted, but in turn imposed conditions which were laid before the King.

Press and public in Egypt greeted Tewfik's appointment with satisfaction and it also had the approval of the British Government. If King Fuad accepted his conditions, it was expected that Tewfik would form a strong Ministry from the centre parties. Though he is not a member of the Wafd, or Nationalist, party, his inclinations are in that direction, and it was believed that the Wafd would not oppose him. Tewfik resigned as Chief of the Royal Cabinet in 1931 in protest against Fuad's new Constitution, which gave the Palace full control of the government, and he has not served in any Ministry since then because of his persistent refusal to take the oath of the new Constitution.

TURKEY AS ARBITRATOR

A Turkish military mission under General Fahrettin Pasha left Istanbul on Oct. 4 for Teheran to arbitrate in a frontier dispute between Persia and Afghanistan. Turkey's selection for this task is a tribute not only to the esteem in which she is held in the Middle East as Islam's strongest State but also to her unceasing efforts to promote peace in her part of the world. Turkish arbitration between Persia and Afghanistan, if satisfactory to both principals, may be a stepping-stone to the much-mooted Middle-Eastern bloc. At the present time Turkey is decidedly pact-minded, and her new prestige as member of the League Council may encourage her to take the initiative in arranging with Persia, Afghanistan and Iraq an entente based on non-aggression, arbitration and mutual defense against foreign aggression.

A ZIONIST PEACE PACT

A notable step to insure peace within Zionist ranks was taken in London on Oct. 27, when David Ben-Gurion, representing the World Zionist Executive, and Vladimir Jabotinsky, head of the Zionist Revisionist World Union, agreed to limit Zionist party warfare to political and ideological discussion. Their pact not only discountenances terrorism and violence of any sort but pledges all parties to prevent "any unfair act in party strife, such as libel, slander, insult to individuals or groups, the spreading of false news, denunciations, or insults to the symbols, flags or uniforms of the opponents." The advocacy of terrorism or violent acts and their justification are forbidden, and penalties ranging from censure to permanent suspension from party membership were provided for.

During the past two years the rivalry between the Revisionist and Labor parties in Palestine has been so bitter that bloody clashes have sometimes resulted, and charges of terroristic tactics have more than once been made against the Revisionists. Zionist unity has suffered, and efforts to strengthen the Jewish position in Palestine have been impeded.

The first elections under the new Palestine Municipalities Ordinance were held on Sept. 26. Six Arab and six Jewish members of the Jerusalem Council were elected. The balance of

power, however, is held by the Palestine Government through the two members whom it appoints. An upset occurred in the Arab elections, when Ragheb Bey Nashashibi, who has been Mayor of Jerusalem since 1920, was defeated. In the Jewish elections all Revisionist candidates were defeated.

All sections of Jewish opinion in Great Britain were represented at a conference in London in October to discuss Zionist problems in Palestine. The 350 delegates present adopted a resolution urging the British Government to ease the restrictions on Jewish immigration into Palestine in view of the "large, accumulated Jewish labor shortage." Dr. Chaim Weizmann urged that Transjordania be opened to Jewish endeavor "without affecting its political status." The most important decision of the conference, however, was to oppose the establishment of a Palestine legislative council. It held that such a council "would stamp Jews as a national minority in the one country in the world where they could not agree to be relegated to that status."

During September 4,535 Jews were admitted into Palestine, according to an unofficial report. Of these 450 belonged to the capitalist category.

FRENCH POLICY IN SYRIA

France continues in her determination to rule Syria indefinitely without the assistance of the Syrian Parliament. That body was prorogued by M. de Martel, the High Commissioner, last December for four months, because of its opposition to the Franco-Syrian treaty. In mid-April it was again prorogued, this time for six months. The Syrian nationalists have by no means abated their opposition to the treaty and on Nov. 3 M. de Martel issued a decree suspending the Parliament sine die. French rule in the mandate is, therefore, by decree, and strongly resembles a dictatorship. Syrian disaffection and intransigence are due to a number of causes, but one of the most important of them is the economic situation, which has gone from bad to worse. Syrians believe that this is due to the deflationary policy of the French administration. Unless business improves there can be little hope that an elected Syrian Parliament will ratify the treaty so much desired by the French.

ITALY AND ABYSSINIA

Rumors have been current during recent months of a forthcoming attack by Abyssinia's modernized army on the Italian colonies of Eritrea and Somaliland, and of a "preventive" invasion of Abyssinia by Italy. An attempt was made by the two governments on Sept. 29 to dispel such rumors. In a joint official statement the Italian Government and the Abyssinian Chargé d'Affaires in Rome reiterated the pledges of friendship and non-aggression which they made in the Italo-Abyssinian treaty of 1928. Nevertheless, the Emperor Haile Selassie is pushing forward his program for the rearming and reorganization of his army. Early in October his representatives paid a visit to Copenhagen, where they were reported to have placed a large order with the Reykl Rifle Company. While Italy's concern over the security of Eritrea and Italian Somaliland has undoubtedly been increased because of the publicity given to Abyssinian military activities, King Victor Emmanuel's tour of Italy's African colonies, his review of Italian and Somaliland troops at Mogdishu, in Italian Somaliland, on Nov. 4, and his subsequent inspection of colonial defenses were probably little more than part of the royal routine.

Will Japan Close the Open Door?

By GROVER CLARK

To all the other causes of antagonism between Japan and the Western powers, particularly Great Britain and the United States, disagreements over the sale of oil in Manchuria and in Japan itself have now been added.

In Manchuria, the friction has arisen over the proposal of the Manchukuo Government to give an oil sales monopoly to a company a large majority of whose stock is owned by Japanese and in which the Japanese Government itself is financially interested. This proposal thus becomes the first important test case of whether the Open Door principle is to be maintained in Manchuria in fact, as both Japan and the Manchukuo Government have pledged that it would be, or whether, operating through its puppet, Japan is to take for her nationals virtual monopoly control of all important trading opportunities in that region.

This particular argument started last Spring, when the oil sales monopoly plan first was put forward. It came out into the open late in October, when the American and British Governments made public the fact that they and the Netherlands Government were protesting to Japan against the carrying out of the monopoly plan. The subject had been undei discussion with the Japanese Government for some months, it was revealed, though no formal notes had been sent. The news of what had been going on was released on Oct. 24.

This, significantly, was exactly five days after the Manchukuo authorities had formally told the agents of the foreign oil companies operating in Manchuria that the monopoly plan would be put into effect fairly soon, probably early next year. This notification clearly showed that the informal protests up to that time had had no influence. The agents of the American, British and Dutch oil companies which have been selling oil in Manchuria (with the American and British companies doing about 80 per cent of the business) were called in to receive this notification and explanation.

The plan, as outlined to the agents on Oct. 19, provides that the Manchuria Oil Company is to be given a monopoly of the sale of both crude and refined oil (not including lubricants) in Manchuria. This company, operating refineries at Dairen and in connection with the oil extraction plant at Fushun, would buy from foreign sources such crude oil as was needed in addition to that produced in Manchuria. It also would buy foreign refined oils in such amounts as the market required to supplement the production of the two refineries. These purchases from abroad would be allocated on a quota basis to the companies now selling oil in Manchuria, the quotas to be proportionate to the sales during the last two years. Bids would be required, however, and the monopoly might ignore the quotas if the prices asked were unreasonable. The foreign-owned installations for storage and marketing would be taken over, due compensation being paid.

The protests by the companies, and by their governments on their behalf,

are based on the claim that this monopoly will violate the Open Door principle, since the Manchuria Oil Company is in fact a Japanese concern. If the company were strictly Manchukuoan, and if Manchukuo were a fully independent State, the foreign oil companies might grumble but neither they nor their governments could reasonably raise the Open Door issue, since, after all, the Open Door means simply that all foreigners shall be treated alike, not that foreigners necessarily shall have the same rights as nationals of the country itself.

Forty per cent of the Manchuria Oil Company stock is owned by the South Manchuria Railway Company (half of whose stock in turn is owned by the Japanese Government) and another 40 per cent, it is asserted, is held by private Japanese interests. This makes the company Japanese, the other companies claim, so that to give it this monopoly would be in effect to place control of all oil sales in Manchuria in Japanese hands to the exclusion of other non-Manchukuo interests. In making their protests to Tokyo, furthermore, the American, British and Netherlands Governments have made it clear that they continue to look on Manchukuo not as an independent State but as a Japanese creation.

This, in the circumstances, is a crucial test case on the Open Door issue in Manchuria. If the oil sales monopoly is carried through successfully the way will be open for extension of the principle.

In reply to the American and British protests, the Tokyo authorities have taken the position that since Manchukuo is an independent State, and since the establishment of this monopoly would not violate the Open of that State, the Japanese Government has nothing to do with it. In communications to the American and British Ambassadors in Tokyo on Nov. 5, Foreign Minister Hirota said that the Japanese Government had been informed by Manchukuo that the monopoly plan included no provision for discrimination for or against any foreign nation. On this basis, Mr. Hirota declared, Japan holds that the monopoly would not violate the Open Door pledges. In any case, the question was one to be argued with Hsinking, not with Tokyo; he advised that the protesting oil companies take their complaints direct to the Manchukuo Government.

Both the British and the American Governments have let it be known that they do not intend to let the matter rest where it was left by Mr. Hirota's communication of Nov. 5. Nor do they intend to acquiesce in Japan's contention that Tokyo has nothing to do with the case. The Netherlands Government has been much less outspoken than the British and the American.

The American and British Governments have carefully refrained from officially acting together in this case, though they have taken substantially the same line. It would appear to have been no mere accident that the two Governments gave publicity to the discussions at practically the same time or that this step was taken just when the stage had been reached in the London naval talks at which it seemed clear that the British efforts to get the Japanese to take a less intransigent position had failed.

However that may be, it is clear that the fundamental issue involved in the oil sales monopoly controversy is closely related to the issue of Japan's relative naval strength. If the monopoly plan, as it stands at present, is carried through, the evidence will be virtually conclusive that the

Japanese authorities intend to go ahead establishing control of trading opportunities in Manchuria no matter what foreign toes may be stepped on. This would, of course, be a logical next step in carrying out their own program in defiance of the rest of the world. But every step in this program arouses new antagonism. Of this the Japanese leaders are well aware. They realize that the further they push their expansion program, the greater may be their need for powerful armed forces to hold the positions which they have seized.

On the other hand, the more it appears that Japan's demand for naval equality with Great Britain and the United States springs primarily from a determination to acquire impregnable defenses behind which to move to monopoly control of all the economic opportunities of the Far East, then the more these two principal Western governments are likely to feel that they should oppose giving Japan naval equality lest they be deprived of all Far Eastern trading and other economic opportunities. So the question of oil monopoly in Manchuria bears very directly on the question of how strong a navy Japan is to have, compared with the navies of Great Britain and the United States.

Apart from its strictly trading aspects, the oil monopoly move in Manchuria appears to be part of the program of the Japanese army and navy to make certain of having adequate oil supplies in case of war.

As things now stand, Japan is very largely dependent on foreign oil for the operation of her fighting forces, though the resources under her control in Sakhalin, Formosa and Manchuria amount to a substantial total. It will be some years, however, before these resources can be developed to the point of making Japan independent of the rest of the world in the matter of oil. Yet most of her warships are oil burners, and refined oil, especially gasoline, is becoming vitally necessary for her army now that the air service is being developed and the mechanization of the forces on land is being pushed forward as rapidly as possible.

The Manchurian oil monopoly plan appears to be one move toward forestalling the possibility that the Japanese army and navy would be caught without sufficient oil in an emergency. The promulgation of new regulations for the sale of oil in Japan itself seems to be another move in the same direction. These new regulations provide that foreign oil companies doing business in Japan must keep at least six months' supply on hand all the time, and that the Japanese Government may take over these stocks at any time, paying for them such prices as it chooses. The companies have asked their governments to take this matter up with the Japanese Government.

A reorganization of the Japanese administration in Manchukuo formally confirms the Japanese army leaders in the virtually complete control of Japanese activities there which they have had in fact but not in form since 1931. This confirmation came by way of the adoption by the Cabinet, with subsequent approval by the Privy Council and the Emperor, of a plan for centralizing the authority in the hands of the Japanese military commander in Manchuria. Vigorous civilian opposition to the adoption of the plan, and protest against it after it had been adopted, indicate that the action of the Premier in forcing the reorganization through the Cabinet may lead to his downfall.

For the past couple of years, the Japanese Commander-in-Chief in Manchuria, has been, concurrently, the

Japanese Ambassador to Manchukuo and Governor General of the Kwantung Leased Territory. In these three capacities he has been, nominally, under three different departments of the Tokyo government—the War Ministry, the Foreign Office and the Overseas Affairs Ministry. This has led to confusion. Furthermore, the civilians in the Foreign and Overseas Ministries have been trying to regain some of the influence which they lost to the army in the rush of events following the occupation of Manchuria.

The army leaders have been determined, however, not to give up the dominant position which they had secured. A year ago they prepared a plan for reorganization which would have regularized their control. Premier Saito succeeded in shelving it. When the navy leaders began demanding, last Summer, that their wishes on Japan's naval policy be followed, the army chiefs renewed their drive for a plan to confirm their hold in Manchuria. On Sept. 7 the Cabinet meekly rubber-stamped the navy's demands. Exactly a week later, it approved the plan for reorganizing Japanese administrative affairs in Manchuria which gave the army what it wanted.

A new Manchuria Affairs Bureau, directly under the Premier, is to be created in the Tokyo Government. This will take over, from the Overseas Affairs Ministry, supervision of practically all the Japanese non-military activities in Manchuria, including administration of the Kwantung Leased Territory and the Railway Zone and supervision of the South Manchuria Railway Company. The Japanese Ambassador to Manchukuo is to serve as the supreme administrative officer, under the Manchuria Affairs Bureau, in Manchuria. He also is to act under the Foreign Office in strictly diplomatic matters. The Ambassador, therefore, has charge, on the ground, of all Japanese activities outside those of defense and maintenance of the peace.

The reorganization also specifically provides that the Japanese Commander-in-Chief, who must be a high ranking army officer in active service, is to be concurrently the Japanese Ambassador. This officer thus becomes virtual dictator of all Japanese affairs in Manchukuo. If a civilian were head of the Manchuria Affairs Bureau civilian influence might be felt, it is true; and it is reported that the army opposed the plan on this ground, at first. The objections were withdrawn, however, when Premier Okada promised that he would appoint as head of the bureau a high-ranking army officer in active service.

On Oct. 18, in protest against this new plan, the entire staff of the Kwantung Government, including the police in the Leased Territory and the Railway Zone, resigned. The Vice Minister and the counselor of the Overseas Affairs Ministry in Tokyo also resigned in protest against the reorganization.

Through a typographical error, it was stated in the November issue of CURRENT HISTORY that the Japanese Cabinet had appropriated 3,000,000,000 yen for agricultural relief, of which 750,000,000 was to go for reducing the silk cocoon production. The figures should have been 3,000,000 yen and 750,000 yen respectively.

This issue marks the twentieth anniversary of the founding of CURRENT HISTORY. The first four numbers appeared on Dec. 12 and 26, 1914, and Jan. 9 and 23, 1915, but with the fifth, that of February, 1915, CURRENT HISTORY began to be published monthly.



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